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## ECONOMIC REVIEW OF REVIEWS.

### TRADE AND CURRENCY DEPRECIATION.

An article in *Giornale degli Economisti*\* by Signor C. BRESCIANI TURRONI, Professor of Statistics at the University of Genoa, enquires into the effects of the depreciation of the mark upon Germany's foreign trade. The period of depreciation was marked throughout by sudden variations in the quantity of exports and imports. A decline in the exchange value of the currency was quickly reflected in increased exports, whilst a rising or stable exchange was accompanied by a falling off. The movement of imports, on the other hand, was less directly determined by exchange fluctuations owing to the competing influence of the following factors :—(i) Germany was compelled to import food-stuffs and raw materials irrespective of the exchange ; (ii) as long as the paper currency was accepted abroad the inflation increased Germany's purchasing power, and imports rose, notwithstanding that foreign prices were higher than internal prices ; (iii) a fall in the exchange encouraged the placing abroad of orders for raw materials to meet the expected expansion of industrial activity ; (iv) firms were glad to invest their unstable marks in foreign commodities, whether or not they had immediate need of the latter. Nevertheless, imports remained well below their pre-war level.

A sudden fall in the exchange, especially during the earlier period, was accompanied by a rush to sell out stocks. But as regards new manufactures it gave an impetus to the export of manufactured goods and retarded that of semi-manufactured goods, because the price of raw materials rose disproportionately more than wages ; exactly the contrary happened with regard to imports. Exports did not, however, increase as much as might have been expected *a priori* in consequence of the heavy and continued depreciation. It is true that they received a certain stimulus, and that shipowners in particular benefitted from the payment of freights in foreign currencies, but commercial statistics disprove the assertion that foreign countries were "invaded" by imports from Germany. In 1922, for instance, Germany's share in the imports of the principal

trading countries was, in most cases, relatively much less, as compared with 1913, than her share in their exports, and her total trade with them was also absolutely much less than in 1913. The factors militating against German exports were (i) the cession of territory under the Peace Treaties and the delivery of reparations in kind ; (ii) reduced production (in 1922 probably not more than 70 to 80 per cent. of 1913) ; (iii) the diminution of imports ; (iv) the control of exports exercised by the "Aussenhandelstellen" ; (v) the lack of coal and transport, and the difficulty of importing raw materials ; and (vi) the reduction in the proportion of products available for export through the necessity of restoring internal resources which had been lost owing to the war. The depreciation of the currency was not sufficiently strong to counteract these influences ; all it did was to maintain German exports at a higher level than would have been the case without it. It also stimulated invisible exports in the shape of services to foreign tourists, whilst it is calculated that in 1923 one-tenth of the total value of German share capital was in foreign hands. It is, moreover, probable that the vast amount of unemployment with which Germany emerged from the war and the revolution would have continued but for the effects of depreciation of the mark.

As regards the value, as opposed to the quantity, of exports statistics show that the average gold price per unit tended to fall when the mark depreciated and to rise when it recovered. This is noticeable throughout the inflationary period. In 1923 the Reich Statistical Office calculates that average German export prices were 15 per cent. above those for 1913, whilst world prices had risen by about 50 per cent. A number of causes brought about this result : (i) in the earlier period, when prices were still fixed in paper marks, exporters exposed themselves to loss owing to the difference between the exchange value of the mark at the time when goods were sold and the time when payment became due ; later, however, they took various measures to protect themselves against this form of loss. (ii) Manufacturers and merchants sustained losses in real values by unwisely realising their stocks for the sake of illusory money profits. (iii) During the

\* Rome. Monthly. L. 80 per annum.

depreciation costs of production could be kept low at the expense of the public finances, of the rentiers, of the farmers, and of the wage-earners. In addition to the fall in prices, there was a fall in the aggregate value of the exports due to the depreciation of the mark; for increase in production for export could not keep pace with the decline in gold values.

In conclusion Prof. Turrone, while not minimising the political, social and economic evils resulting from the depreciation of the mark, disagrees with those who maintain that the crisis in Germany was caused by the disparity in the rate of exchange between German and foreign produce. In so far as the depreciation stimulated exports it alleviated her unfavourable trade balance, whilst she derived considerable advantage from the losses sustained by foreign holders of marks. The inflation was, moreover, attended by an increase in Germany's fixed capital. Prof. Turrone amplifies his arguments with some useful statistical material.

### PRODUCTION FOR USE VERSUS UNEMPLOYMENT.

It is becoming increasingly evident that our economic system has overstepped the bounds of sane specialisation in production. The livelihood of millions depends upon a highly specialised training in the production of a fractional part of some particular commodity, and is precarious in direct proportion to the irregularity of the demand for the commodity. The industrial worker of to-day may well envy the secure self-sufficiency of his agricultural ancestor with his village industry, or even of the peasant in a so-called backward Continental country like Slovakia. The apparent semi-permanence of a large volume of unemployment in this country renders the Homecrofting proposal, which Prof. J. W. Scott, of University College, Cardiff, has outlined in two articles in *THE ECONOMIC REVIEW* (February 29 and July 4, 1924), a matter of immediate urgency as a method of dealing with the problem. Plans on similar lines are already in existence in Germany and America; and in the *Hibbert Journal* Prof. SCOTT calls attention to a pioneer effort in the same direction in India. The movement started there by Capt. J. W. Petavel appears to have gained the sympathy of the eminent Vice-Chancellor of Calcutta University, the late Sir Asutosh Mukerjee. The University has instituted what is known as "The Calcutta University Poverty Problem Study," and in the early part of 1922 an appeal, signed by a hundred prominent citizens of Calcutta, was made for capital to support the inauguration of what is in effect a Homecrofting scheme, through the founding of a new educational institution.

"The aim of the institute which is in contemplation is to make a contribution to a certain definite, if very large, enterprise; none other than the enterprise of training brains and hands into that new set, poise, or adjustment into which when men have once got brains and hands turned they will need no more to starve in the midst of plenty. For, once their powers are got into this set, they will be in a position to proceed, not to turn the world upside down, but on the contrary, quite quietly, unobtrusively, and within this present economic system, to call in a few capitalistic experts, men of goodwill, men who are leaders in the usual mass-manufacture of various of the indispensables of life, and say to them: 'We will be your labour; start your weaving, your baking, your shoe-factory, your stocking-factory; proceed to erect what machinery you think will produce as much as we need—there are very many of us—of all the main articles, besides having a good deal over to sell to the wider world for money in the ordinary way; we will be your labour, and you may call upon us just as you require us for this factory or that, as the caprices of the outside market may dictate; for we can all do anything; our hands and brains have been trained to serve in all sorts of capacities, feeding all sorts of machinery; and our reward will be, to each a steady supply wherewith to meet his own family's needs of all the necessaries manufactured, and some kind of an interest besides in the money drawn for the goods sold in the ordinary market.' The ultimate aim of the schemes is to educate people to industrial work, so that they shall be capable of working in this co-operative way if ever their numbers are sufficient and the opportunity comes. The immediate aim is to offer an education; to educate through the hands; to educate through the hands by initiating people into the co-operative making of things indispensable to life by modern methods."

Comparing this scheme with the Maxwell (American) plan, Prof. Scott finds that the latter plan "simplifies by leaving out of account the 'production-for-use' of most other things, and concentrating on food alone." But—"common to both is their opposition to the hopeless expense and waste connected with all current Unemployment relief and their insistence on an economic way out. . . . Both take their stand on the fact of trade cycles and what must be done to meet them. Both, at first, aim at the creation of islands amid the rise and fall of tide-waves; insulated spheres, against which the alternating booms and depressions of trade shall beat in vain. They aim at the spasmodic creation of these islands at first, and then the spread of the principle of this insulation. But in the one case the island to be created is a big co-operative community, achieving perfect safety by producing all the indispensables of life for itself; while in the other case the island is the individual family, planted in its garden, with Science to teach it how to make that garden its sure refuge so far as food is concerned, thus achieving partial safety by producing the most indispensable of life's indispensables for itself."

The justification and importance of the movement are founded "at last upon two facts; first, that there is no final solution of the Unemployed problem except the putting of people in a position to make the things they cannot buy; and, secondly that in the present year of grace the 'making' is mostly a co-operative affair."

### HUNGARIAN COMMERCIAL LAW.

In the September (and final) issue of the *Anglo-Hungarian Review* is an article by M. EDMUND KUNCZ, Professor in Economics at the University of Budapest, on the present condition of Commercial Law in Hungary and the need for its revision. Its basis is still the *Lex Mercatoria* drafted in 1875, which is in general a transplantation of the provisions of the *Allgemeines deutsches Gesetzbuch* of 1861, but in the course of fifty years has become an organic part of the national law, and has been considerably modified both by statute and by general usage. It has, however, long been clear that this silent process of revision requires to be supplemented by a systematic overhaul, inasmuch as legal evolution has modified the fundamental dogma of unrestricted private enterprise and unrestricted freedom to make contracts upon which the *Lex Mercatoria* was framed.

"Our written laws of national jurisprudence, our system of taxation, and the draft code of private law alike consciously set limits to the unhealthy excrescences of the principle of private ownership; and, while on the one hand the result is a diminution of the intensiveness of private enterprise, on the other hand the scope of it has been extended to include recognition of its application to intellectual—industrial, literary or artistic—property and to cover also so-called personal rights. Further, our law is beginning irrevocably to accept the dogma that freedom to make contracts cannot satisfactorily reconcile opposing interests unless the contracting parties are each provided with equal power effectually to enforce their respective interests."

The provisions of the *Lex Mercatoria* which are no longer in harmony with prevailing economic ideas are as follows:—

(i) The *Lex* "follows the so-called mixed system; for it embraces not only legal transactions of the *merchants*, but also so-called 'objective' commercial transactions (e.g. mercantile purchase of goods, insurance and sea freight business), subjecting the same to its regulating authority, irrespective of whether or not the said transactions are carried out by persons engaged in commerce.

. . . This 'commercialisation' of private law practice has given rise to numerous absurdities and cases of inequity." The writer finds the clue in the English conception of "business law":—

"Between economics and jurisprudence there is often a great gulf fixed. This is in most cases due to the fact that the economist does not possess legal, while the jurist is without economic knowledge. However, the law must take account of the results established by economic enquiry. Almost any occupation, whose conditions are regulated by law, involves some question of economics. For this reason the science of economics defines and fixes a certain limit to its sphere, which can most precisely be described by the term 'business.' Commercial law must be equally precise, abandon its jurisdiction over the whole range of the merchant world and confine itself to the regulation of contracts."

(ii) The attitude of the *Lex* in regard to the legal status

of commercial employees is expressed in the following words of section 55: "The status in service of a commercial employee and his claims to payment shall form the subject of a voluntary agreement." On this the writer says: "The relations between employers and employees who have become a permanent part of any enterprise cannot be based solely on articles of agreement on the principle of 'do ut des'; community of interest must take the place of the prevailing clash of interest." A bill is now under preparation which aims at an exhaustive regulation of this legal status.

(iii) "There is no law anywhere else in the world showing towards joint-stock companies the liberalism, optimism and indifference displayed in every line of the provisions of the Hungarian *Lex Mercatoria*." The *Lex*, moreover, is equally *laissez-faire* in its attitude towards co-operative societies, with the result that abuses arose which would have led to the utter bankruptcy of the movement, had not a law in 1898 introduced State interference. "The attitude to be adopted in principle by the work of revision as towards big enterprises (and in particular towards limited companies) is the system of regulated (controlled) freedom. . . hitherto realised best by the German *Lex Mercatoria* and the British Companies Acts." "The Hungarian legislature has already taken three important steps, which give expression in anticipation to the tendency of our coming law relating to limited companies and co-operative societies. The first step was the establishment of the 'Bankers' Institute'; the second was the enforcement of compulsory enrolment in a central institute of all credit co-

operative societies; the third the regulation of the State control of private insurance companies." The Bankers' Institute exercises a general control over the banks by a permanent and adequate examination of accounts, and in other ways, and also "acts as the means of fostering and furthering the financial interests and ministering to the needs of the State in point of credit—playing a rôle similar to that of the Bank of England in Great Britain." "This arrangement has an important bearing on the industrial problem. The organisation developed and the experience gained will pave the way for similar measures of control over limited companies or co-operative societies. The seeds sown in the British Companies Acts of 1879 and 1900 have therefore fallen in Hungary on fertile ground." With regard to the co-operative societies a further Act was passed in 1920 "asserting the principle of compulsory enrolment under the control of a parent (central) society of all credit co-operative societies," and the same idea is being extended to the case of industrial productive co-operative societies. The insurance companies, with regard to which the *Lex* is also deficient, are now subject to a Board of Control enacted by statute in 1923.

Finally, Professor Kuncz surveys briefly questions which will involve the introduction of entirely new material into the code. "These," he says, "would include the regulation of the legal status of securities, current accounts, independent *commercial agents, inland navigation and warehousing concerns*, as well as the question of the introduction of the 'Limited Liability Company.'"

## ECONOMIC SURVEY

The following Survey is strictly impartial both in content and in selection, and is in no way subject to the influence of Editorial opinion.

### BELGIUM TRADE

**Foreign Trade Returns for August.**—The foreign trade returns for August under the Trade Convention between Belgium and the Grand Duchy of Luxemburg show imports to a total of Fr.1,364,025,923 and exports to a total of Fr.1,008,124,223, which leaves an adverse trade balance of Fr.355,901,700 (or, excluding gold and silver specie and bullion, one of Fr.356,922,359) as compared with Fr.329,413,951 (or, excluding gold and silver specie and bullion, Fr.333,504,168) in July. The following table gives an analysis of the trade under the following headings: (a) Live stock, (b) Foodstuffs and beverages, (c) Raw material and semi-manufactured goods, (d) Manufactured goods, (e) Gold and silver specie and bullion:—

	Imports.		Exports.	
	Tons.	Fr.	Tons.	Fr.
(a)	9,585	10,680,022	1,018	6,597,711
(b)	265,981	353,362,150	52,364	86,870,807
(c)	2,552,828	18,545,344	1,314,483	303,028,004
(d)	100,498	329,209,163	406,446	609,908,672
(e)	2,928,892	711,796,679	1,774,311	1,006,405,194
	—	698,370	—	1,719,029
Total	2,928,892	712,495,049	1,774,314	1,008,124,223

These are the figures as given in the *Moniteur des Intérêts Matériels*, subject to revision.

For the first eight months of the year the returns work out as follows:—

	Imports.		Exports.	
	Tons.	Fr.	Tons.	Fr.
(a)	9,585	39,859,512	10,680	83,145,735
(b)	2,040,228	2,762,575,460	2,040,228	717,529,735
(c)	18,545,085	5,541,415,453	9,650,660	2,914,423,139
(d)	948,078	3,068,834,387	3,278,381	5,157,490,109
(e)	21,542,980	11,412,684,812	14,979,949	8,872,588,718
	—	10,736,849	—	28,018,456
Total	21,542,980	11,423,421,661	14,979,949	8,900,607,174

### INDUSTRY

**The Output of Coal in August.**—The output of coal in August amounted to 1,702,150 t. as against 1,973,360 t. in July and an average of 2,049,802 t. for the first six months of the year. As there were only 21 working days in August as against 26 in July and an average of 24.9 in the first six months of the year, the output per working day shows a considerable improvement as compared with the previous month, being 81,055 t. as against 75,810 t., but is still much lower than the average for the first six months of the year, viz. 88,481 t. The number of days' work put in by the skilled miners working the seam was 475,860 as against 575,980 in July and an average of 592,337 in the first six months of the year, the corresponding figures for all underground workers being 2,554,750 as against 2,973,440 and 3,020,318 respectively, and for the whole of the labour engaged, including surface men, 3,824,680 as against 4,362,070 and 4,378,183 respectively. The output per man per day was at the rate of 3,526 kg. per skilled miner working the seam, 666 kg. per underground worker and 445 kg. per head of the whole of the labour engaged, including surface men, as against 3,426 kg., 663 kg. and 452 kg. respectively in July, and an average of 3,457 kg., 678 kg. and 467 kg. respectively for the first six months of the year. The average output for the first eight months of the year, viz. 1,996,790 t., compares favourably with the average monthly output for the previous three years and for the year before the war, which was as follows: 1,909,660 t. in 1923, 1,769,514 t. in 1922, 1,815,564 t. in 1921, and 1,903,460 t. in 1913. There was a considerable decrease in the stocks at the pithead, which on August 31 amounted to 824,460 t. as against 988,720 t. on July 31. (The July figures quoted above have undergone official correction since the report published in THE ECONOMIC REVIEW of Sept. 5.)

The industry, says the *Moniteur des Intérêts Matériels*, has been seriously prejudiced by the strike in the Borinage, which, however, is not expected to be greatly prolonged now that the official enquiry has shown the

reduction of wages which led to the trouble to have been perfectly justified. The market, too, is completely disorganised, an additional factor being the foreign competition, which is now general, coming as it does from England, Germany, Holland and France. As regards France, it is pointed out that wages there are considerably lower than in Belgium, and especially in the Borinage, the daily wage of a skilled miner working the seam being only Fr.25 (French), which corresponds to Fr.27 (Belgian), as compared with Fr.36 for the whole of Belgium and Fr.38 in the Borinage. Notwithstanding this difference, the miners on strike are working in the French collieries of the Nord and Pas-de-Calais for the time being at a loss of roughly Fr.10 a day.

**Coke.**—The production of coke in August amounted to 337,120 t. as compared with 354,340 t. in July and an average of 357,878 t. for the first six months of the year, the number of hands employed in the industry being 5,284 as against 5,359 in July and an average of 5,532 over the first half-year. The average monthly output in 1923 was 346,366 t., 225,624 t. in 1922, 115,913 t. in 1921, and 293,580 t. in 1913. The record output was in January 1924, when it reached a total of 375,800 t.; as compared with this the August production shows a shortage of 38,680 t. and one of 9,246 t. as compared with the average monthly output for 1923, but it is 111,496 t. above the monthly average for 1922, 221,207 t. above that for 1921, and 43,540 t. above that for 1913.

**Briquettes.**—The production of briquettes, 172,950 t., has only been exceeded once during the previous twelve months, viz. in March, when it reached a total of 183,530 t. In July the output (corrected) was 133,960 t., while the average for the first six months of the year was 168,482 t. As compared with previous years the August output is 12,030 t. higher than the average for 1923, but 33,480 t. below that for 1922, 49,314 t. below that for 1921, and 44,270 t. below that for 1913. The number of hands employed in the industry in August was 1,535 as against 1,487 in July and an average of 1,523 in the first six months of the year.

**Reparation Supplies of Fuel from Germany.**—The reparation supplies of fuel received from Germany during August, though 28,006 t. short of the amount delivered in July, are still in excess of the monthly quota of 400,000 t. stipulated in the Spa Convention, aggregating as they do 414,934 t. Since the collapse of passive resistance in the Ruhr the deliveries actually effected are as follows:—

	Tons.	
December 1923 ... ..	...	330,002
January 1924 ... ..	...	343,229
February ... ..	...	408,727
March ... ..	...	531,061
April ... ..	...	511,524
May ... ..	...	136,609
June ... ..	...	344,447
July ... ..	...	442,940
August ... ..	...	414,934
Total ... ..	3,463,473	

This gives an average for the nine months of 384,830 t., involving a shortage of 15,170 t. per month. The following table gives an analysis of the August returns:—

	By rail		Total.
	via Montzen.	via Ruhrort.	
Gas coal ... ..	15,900	25,901	41,801
High flaming gas coal ...	28,320	22,232	50,552
Coking coal ... ..	90,933	150,363	241,296
Coal for industrial purposes	2,720	7,904	10,624
Household coal ... ..	14,989	—	14,989
Blast furnace coke ... ..	49,034	—	49,034
Lignite briquettes ... ..	6,638	—	6,638
Total ... ..	208,534	206,400	414,934

In addition there were on August 31 supplies to a total of 23,827 t. loaded ready for despatch, including 3,814 t. of gas coal, 1,815 t. of high-flaming gas coal, 17,623 t. of coking coal and 575 t. of coal for industrial purposes.

From the 1st to the 20th of September inclusive 277,964 t. have been received, or 23,839 t. more than in the first twenty days of August, and there was a further amount loaded ready for despatch of 26,927 t. as against 38,146 t. (*Moniteur des Intérêts Matériels*.)

**The Iron and Steel Industry in August.**—The returns of the iron and steel industry in August show that there were 49 blast furnaces in operation, as in July. The output of pig iron amounted to 244,310 t. as against 247,380 t. in July and an average of 228,030 t. for the first six months of the year; that of raw steel was 231,230 t. as against 238,490 t. and 228,968 t. respectively; that of semi-manufactured steel 6,860 t. as against 6,500 t. and 6,745 t. respectively; that of finished steel 194,120 t. as against 202,850 t. and 197,292 t. respectively; and that of finished iron 15,030 t. as against 16,380 t. and 17,668 t. respectively. There is a falling off, therefore, as compared with the previous month in every department except semi-manufactured steel. As compared with previous years the average output of pig iron for the first eight months of 1924 is 50,140 t. above that for 1923, 98,489 t. above that for 1922, 159,452 t. above that for 1921 and 25,426 t. above that for 1913; the corresponding surpluses in respect of raw steel are 45,248 t., 105,640 t., 169,816 t. and 30,043 t., in respect of semi-manufactured steel 958 t., 1,226 t., 1,478 t. and 1,575 t., and in respect of finished steel 36,475 t., 80,091 t., 128,248 t. and 42,668 t.; but in the case of finished iron, while the average this year is 133 t. below that for 1923, it is 2,157 t. and 4,641 t. above the averages for 1922 and 1921 respectively, but 8,184 t. short of that for 1913. The production of raw zinc amounted to 13,280 t. as compared with 13,000 t. in July and an average of 13,357 t. for the first six months of the year, of 12,341 t. for 1923, of 9,428 t. for 1922, of 5,839 t. for 1921 and of 17,019 t. for 1913.

The depression in the iron and steel industry, says the *Moniteur des Intérêts Matériels* (Sept. 26), after a slight show of improvement last week, has since become accentuated, several works having nearly exhausted their orders. With the rise of the £ sterling, manufacturers are ready enough now to take orders at £5 15s. after refusing £5 17s. 6d., but in the event of a recovery of the franc it will, unfortunately, be difficult to effect a return to the higher price, should business have been transacted on any substantial scale at the reduced rate. Girders are now quoted at Fr.520, heavy plates at Fr.625, and rods and wire rods at from Fr.600 to Fr.620. The market prices on Sept. 1 were as follows: Luxemburg foundry pig iron, Fr.350, as against Fr.380 on August 1, 1924, and Fr.76 on Sept. 1, 1913; basic pig iron, Fr.340 (Fr.370, Fr.65); blooms, for export Fr.460 (Fr.480, Fr.102.50), for home consumption Fr.465 (Fr.500, Fr.108.25); billets, for export Fr.470 (Fr.500, Fr.115), for home consumption Fr.475 (Fr.520, Fr.104.25); steel bars, for export Fr.530 (Fr.570, Fr.118.75), carriage paid to Belgian stations Fr.535 (Fr.575, Fr.152.50); girders, for export Fr.525 (Fr.565, Fr.137.65), carriage paid to Belgian stations Fr.530 (Fr.570, Fr.165); wire rods, for home consumption and export, Fr.650 (Fr.690, Fr.130); rods, for export, Fr.640 (Fr.680, Fr.127.50); basic steel plates, for export Fr.635 (Fr.690, Fr.133.75), for home consumption Fr.640 (Fr.695, Fr.142.50); medium and high carbon steel plates, for export Fr.645 (Fr.695, Fr.140), for home consumption Fr.645 (Fr.705, Fr.150); and steel rails, for export Fr.725 (Fr.725, Fr.150), for home consumption Fr.750 (Fr.770, Fr.177.50). The above rates, however, are mostly nominal, as little business is doing.

The occupation of the Ruhr, it is officially announced, has benefited the Belgian Treasury to the extent of Mk.183,500,000 gold, which, at the average rate of exchange is equivalent to a sum of nine hundred million francs.

Steps are being taken to organise an International Colonial and Shipping Exhibition to be held at Antwerp in 1930 by way of celebrating the hundredth anniversary of the proclamation of Belgian Independence.

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## BULGARIA

### FINANCE

**The Money Crisis.**—The tightness of money from which the country has been suffering for some months past has developed into a crisis against which all the measures adopted by the National Bank have proved unavailing. It is true that in connection with the recent tobacco sales several hundred millions of leva have entered the country without, however, producing much effect, as they are mostly being hoarded by the farmers. The consequence of this tightness is a continuous raising of the rate of interest, and an ever-increasing number of protested bills; while the banks are finding great difficulty in meeting their liabilities. During the first quarter of the year the number of protested bills was 24,697, representing a value of 207 million leva. The banks are ceasing to give credit, cost of living is rising, and exports are declining through lack of financial support. During the first four months of 1924 Bulgaria's foreign trade has shown a debit balance of some 500 million leva. (*Wirtschaftliche Nachrichten, Exportateur Français.*)

**Vote of Expenditure on Public Works.**—The Sobranje has passed a Bill for the execution of Public Works including the refitting, extension and improvement of railways and ports, involving an expenditure of 350 million leva, of which 160 millions are to be applied to the repair of locomotives and rolling stock. This scheme includes the termination of a number of unfinished lines and the construction of new lines in Southern, Central and Eastern Bulgaria. An Act has also been passed authorising the municipality of Sofia to raise loans at 4 per cent. of 50 million leva a year for seven years for carrying out a scheme for the water supply of the capital from lake Rilo; similar loans are to be raised by other cities suffering from a shortage of water. The cost of the Sofia scheme is estimated at 450 to 500 million leva.

The expenditure on Public Works is to be met in part by an increase of excise duties, notably of those on motors, playing cards, etc. An increase of the spirit tax is also in contemplation. (*Wirtschaftliche Nachrichten.*)

**French Banks in Bulgaria.**—The following description of the French (or rather mixed) banks established in Bulgaria is reproduced from the *Revue des Valeurs Etrangères* by *La Bulgarie* :—

There are some hundred banks in Bulgaria of which, exclusive of the three State banks (National Bank, Bank of Agriculture and Central Co-operative Bank), thirteen may be described as first-class. Of these thirteen five are French, two German and one Italian. The five French establishments in question are the following :—

*Banque Balkanique*, founded by the Union Parisienne and the Société Générale in co-operation with the Wiener Bankverein of Vienna; headquarters in Paris.

*Banque Centrale de Bulgarie*, in which are jointly interested the Banque de Paris et des Pays Bas, the Commercial Bank of Budapest and the Boden Kredit anstalt, managed during the war by the Hungarian institution and now very prosperous.

*Banque Bulgare pour le Commerce*, a purely Franco-Bulgarian concern, French interests being represented by the Banque de Paris et des Pays-Bas, and Bulgarian interests by the Goubidelnikoff Bouroff Guechoff syndicate; the bank owns several industrial and commercial enterprises, such as tobacco factories, attar of roses factories, mines and tile works, the Bulgarie Insurance Company and indirectly the Granitoide Cement Works.

*Banque Franco-Bulgare pour le Commerce International* represents the Banque du Rhin, la Caisse Commerciale et Agricole and the Crédit Foncier du Brésil.

*Banque Franco-Belge*, in which participate the Crédit

Foncier d'Algérie-Tunisie, representing several important French financial houses such as the Banque de Salonique and the Tabacs d'Orient et d'Outremer, the Banque Belge pour l'Etranger, and the old-established private Bulgarian house of Kouyoumdjiiski.

Another mixed bank, the *Crédit Foncier Franco-Bulgare*, is in serious difficulties, and its refloating is very doubtful.

These banks have to some extent been affected by the recent grant by the Bulgarian Government of the monopoly of exchange transactions to the National Bank, thus depriving private banks of a class of business from which the foreign banks at least derived from a quarter to a third of their profits. This measure hampers to a certain extent international business.

### TRADE

**Some Foreign Trade Figures.**—Bulgaria's imports during the first six months of 1924 amounted to 2,051 separate articles and 175.7 mill. kg., of a total value of 2,724.9 leva, as against 4,157 articles, 144.1 mill. kg. and 2,486.2 mill. leva in the corresponding period of 1923, and exports to 237,820 articles, 228.3 mill. kg. and 2,050.8 mill. leva, as against 94,898 articles, 149.5 mill. kg. and 1,795 mill. leva in 1923. Thus exports have increased by 40 per cent. in respect of weight and by nearly 50 per cent. in respect of value. This increase is due to the large export of cereals this year. The balance, however, is on the debit side in both years, being 691.2 mill. leva in 1923 and 674.1 mill. in 1924. The chief articles of import during the six months were: textile raw material and fabrics, metals, machinery, tools and apparatus, leather, joiners' work, engravings, chased metal work, vegetable oil, fat and wax, and chemicals; exports consisted of maize, tobacco, eggs, beans, flour, wheat, and attar of roses. (*La Bulgarie.*)

### AGRICULTURE

**The Work of the Bank of Agriculture.**—The Bank of Agriculture of Bulgaria (a State institution) employs its capital of 366.5 million leva, together with its deposits, amounting on Jan. 1, 1924, to 1,383 million leva, in financing agriculture, in which 82 per cent. of the population of the country is engaged. The agricultural population consists of 350,000 farmers, of whom 130,000 are members of co-operative societies and 220,000 are the direct customers of the Bank. It can be said that 60 per cent. of Bulgarian farmers have received credit from the Bank of Agriculture. Nevertheless the Bank is never lacking in ready money and has not been affected by the present currency crisis. To show the popularity of the Bank its share capital and deposits together have risen from 276.5 mill. leva in 1918 to 1,250 mill. in 1924. (*La Bulgarie.*)

**The Harvests.**—The wheat harvest is below expectation, so that the Government will probably prohibit the export of that cereal. The weather was favourable, and in general the crops were carried in good time. Harvest returns are not yet to hand, but in general they are expected to be satisfactory. Further, potatoes, sesame, and tomatoes, under the favourable weather conditions, were got in early, and good results are expected. The professor of agriculture at Stara-Zagora has communicated the following figures on this year's fruit crops in the districts of Stara-Zagora, Haskovo and Mastanly. Taking the possible maximum as 6, the figures will be: apples 6, pears 2, plums 6, walnuts 5, cherries 5, almonds 6, peaches 5. These figures point to an excellent fruit harvest. In the Stara-Zagora and Haskovo districts, apple trees cover 530 hectares, mulberry trees 2,630 hectares, and rose trees 1,840 hectares. As regards other agricultural produce, there has been a growing tendency of late towards the production of eggs, in which branch of agriculture Bulgaria has made considerable progress, and is thus able to meet Serbian competition. The

results of silkworm breeding are quite up to the average. (*Wirtschaftliche Nachrichten, La Bulgarie.*)

**The National Live Stock.**—Sheep and goats are subject in Bulgaria to a special capitation tax called "beglik." According to information based on the assessment of this tax supplied by the Ministry of Finance, the number of sheep on Jan. 1 of this year was 9,065,706, as against 8,964,342 in 1923, and that of goats 1,444,355, as against 1,438,679. It is estimated that the yield from the beglik this year will amount to 53,994,708 leva, and a further 13,398,795 will be paid into the Treasury by the owners of the smaller domestic animals. (*La Bulgarie.*)

**Tobacco.**—Side by side with tobacco cultivation, which has made great progress of recent years, the preparation of tobacco for the market is being developed in Bulgaria. Together with raw tobacco exported in large quantities, Bulgaria has now begun to send abroad considerable quantities of cigarettes.

Bulgarian tobacco enjoys a high reputation, and in 1920-21 was largely exported to Greece, where, mixed with Greek tobacco, it was re-exported under its own name. Every effort is being made to foster the production and export of tobacco which has become the most important article of national commerce, and in the foreign trade returns for 1922 the export of raw tobacco was 29,025,146 kg. valued at 168,870,404 leva, being the most important item of export. Since April 1923 the following quantities of prepared tobacco in the form of pipe tobacco and cigarettes have been exported month by month: April, 123 kg.; May, 351 kg.; June, 753 kg.; July, 217 kg.; August 82 kg.; and September, 149 kg. It is probable that these figures will increase, as already in Germany and Austria Bulgarian cigarettes are coming into fashion.

According to figures supplied by the Ministry of Finance the area planted this year with tobacco is 44,000 hectares, as against 62,000 in 1923.

*La Bulgarie*, which supplies the above information, quotes from the *Kölnische Zeitung* an article on Bulgarian tobacco, and its export to Germany, of which the following is the substance:—A considerable quantity of Bulgarian tobacco entering Germany does not come direct from Bulgaria but via Holland, Hungary or Egypt, with the result that a large part of the profits are lost to the Bulgarian producer and go into the pockets of the middlemen, who sell it to the German consumer much dearer than he would buy it in Bulgaria. Up to the war of 1913 only some 15,000 to 20,000 hectares in Bulgaria were planted with tobacco, but its cultivation was considerably extended after 1913, and particularly after the Great War, when a number of Bulgarians from Western Thrace and Macedonia experts in tobacco growing took refuge in Bulgaria. It should be added that the system of apportionment of land into small holdings prevalent in Bulgaria is highly favourable to tobacco cultivation. The following figures show the output of tobacco in Bulgaria in the years mentioned (in mill. of kg.):—1912, 11.1; 1914, 32.5; 1919, 46.7; 1920, 59.5; 1921, 33.2; 1922, 44.5.

Bulgarian tobacco is prepared with the same care as Turkish tobacco, and its fermentation takes place not in packets or bales, as is the case with other tobacco, but leaf by leaf, and is the object of the greatest care on the part of the producer. But the improved cultivation of high quality tobacco in Bulgaria is of such recent date as to be practically unknown on the world's markets, and it is sold in Western Europe and Germany under the label of Oriental or even Turkish tobacco. The amount of Bulgarian tobacco imported into Germany in 1913, 1921, and 1922 was:—1913, 240 t. out of a total tobacco import of 81,400 t.; 1921, 5,215 t. out of a total of 108,406 t.; 1922, 4,170 t. out of a total of 75,901 t., without counting the Bulgarian tobacco introduced into Germany from Holland and Turkey.

**Essence of Roses.**—This year's rose harvest amounted to about 1,700 kg. of petals, of which 600 kg. were

distilled by the farmers. This year the home production shows a decline, about two-thirds of the essence (attar) being produced by the factories. The modern factories and plant produce a purer essence, which fetches a better price. The farmers prefer to sell the petals to the factories rather than distil themselves, with the result that the production of essence is becoming centralised. There are now three factories distilling pure essence of roses which fetches 20,000 leva the kg. The following figures show the number of hectares planted, the amount of roses produced, and the amount of essence distilled in the years mentioned. Area planted (in hectares):—1920, 4,716; 1921, 5,600; 1922, 4,849; 1923, 4730. Amount of roses sold (in quintals): 1920-1921, 48,860; 1922, 40,000; 1923, 50,000. Essence distilled (in kg.): 1920, 1,084; 1921, 1,380; 1922, 1,125; 1923, 1,400. (*La Bulgarie.*)

## FRANCE

### FINANCE

**The Budget Statement.**—M. Clémentel, Minister of Finance, has communicated to the Finance Committee of the Chamber the outline of his Budget for 1925, which, he claimed, would be absolutely sound. The financial year 1924 will probably close with a deficit of two and a half milliard francs, in respect of the Ordinary and Extraordinary Budgets; but the 1925 Budget would combine both General and Recoverable Expenses in one account, and it would have the further merit of being honest and revenue and expenditure would balance. Retrenchments effected by the Government would realise a saving of Fr.1,612 mill. in the General Budget, while the Special Budget had been reduced by Fr.780 mill., the aggregate reduction amounting to Fr.2,392 mill. The total expenditure was estimated at Fr.32,456 mill. and the revenue at Fr.29,854 mill., leaving a deficit to be met of Fr.2,602 mill. The Minister's new proposals would yield Fr.1,777 mill., and stringent measures to prevent fraud and improved methods in the recovery of income tax would be expected to provide the balance. The Budget Statement has not evoked much enthusiasm. The *Journal des Débats* concludes that the Herriot Cabinet is beginning to find itself the victim of its own rash promises. It had proclaimed itself alone capable of effecting economies, it had condemned the business turnover tax and the double cess, and it was on these grounds that the electorate gave it its majority, expecting it to lighten the burden of the taxpayer in keeping with its pledges. But now that the Cartel is in power, it finds it impossible to retrench or to reduce taxation or even the double cess. As a matter of fact it has yielded to the force of facts, having found out that it would be folly to gamble with so delicate a thing as the nation's credit. As a result the Budget is much the same as other Budgets that have gone before, and the decisions the new majority will arrive at will be on the same lines as heretofore. The Socialists, however, as represented by the *Peuple*, are loudly proclaiming their disappointment, and already are accusing the Herriot Ministry of weakness and hesitancy. They will, however, continue to support it as long as anything is to be got out of it, but once they have exhausted its possibilities they will have no hesitation in scrapping it. *La Journée Industrielle* finds M. Clémentel's Budget much less alarming than the alleged inspired prognostications of the Government supporters had led the public to expect. It recognises, however, that a thirty-two-and-a-half milliard budget is no light matter, but if allowance is made for the depreciation of the franc it amounts only in reality to a six or seven milliard budget, in terms of pre-war reckoning. Also it must not be forgotten that eleven years ago the taxpayer bore the burden of an expenditure amounting to over five milliards, so that the difference after all is not so great. But that is not to say that everyone will be satisfied, seeing that the Cartel of the Left has not succeeded any better than

the National Bloc in solving the problem of obtaining even more out of the tax and at the same time taking less and less from the taxpayer. It would, however, have been inexcusable on the part of the Government to have surrendered to the demands of the demagogy, all the more so that the late majority had sacrificed itself in providing its opponents with the means of balancing their first Budget.

**Franco-German Potash Agreement.**—The main features of the agreement concluded between the French and German potash industries with regard to supplying the American market are as follows. The agreement is for a period of three years. The Alsatian mines will supply 37.5 per cent. and the German mines 62.5 per cent. of all orders received from the United States; but in respect of sodium sulphate the former will furnish 31.20 per cent. and the latter 68.8 per cent., or in the proportion of 5,000 tons to 35,000 tons. These quantities have been calculated on the basis of 1923 deliveries. Of the 200,000 tons of pure potassium ( $K_2O$ ) which the United States market absorbs, Alsace will supply 68,500 tons and Germany 131,500 tons, and this proportion will be maintained for any orders in excess of that total. In the event of either of the parties to the Agreement not being in a position to deliver his share, the other may supply the deficiency, but in that case he will have to hand over to the former 15 per cent. of the value of same. Prices have been fixed on the basis of \$27 per ton of 80 per cent. potassium chloride. Both parties to the agreement are pledged to carry on a friendly canvassing campaign among the American farming interest, and hopes are entertained that orders in 1925 will aggregate at least three million quintals. The cost of this campaign will be shared by the contracting parties in the same proportion as the supply. In 1923, it is pointed out, the supply of pure potassium to the United States reached a total of 2,075,815 metric quintals, of a value of \$15,854,755. (*Journal de la Marine Marchande.*)

## INDUSTRY

**The Iron and Steel Industry in August.**—Statistics published on the authority of the Comité des Forges show that there were 133 blast furnaces in operation on Sept. 1, as on Aug. 1, but 37 more were ready to be blown in, as against 35, while a further 50 are being built or undergoing repairs as against 52. The output of pig iron in August amounted to 655,829 tons (an increase of 19,661 tons as compared with the previous month), made up as follows: pig iron for refining, 39,677 t.; foundry pig iron, 134,380 t.; Bessemer pig iron, 3,130 t.; basic pig iron, 462,062 t.; and special cast iron, 16,580 t. The output of steel amounted to 581,715 tons (an increase of 16,839 tons as compared with July), made up as follows: ingots, 567,561 t., and castings, 14,154 t.—or 6,776 t. produced by acid converter process, 377,083 t. by the basic converter process, 191,843 t. by the open hearth process, 885 t. by the crucible furnace process, and 5,124 t. by the electric furnace process. Of the month's output the part of Lorraine recovered from Germany accounted for 257,480 tons of pig iron and 198,721 tons of steel, as against 252,080 and 194,808 tons in July. With the exception of May, the production of both pig iron and steel in August was the highest of any month since the Armistice. The following table shows the output of pig iron and steel for the first eight months of the year:—

	Pig iron. Tons.	Steel. Tons.
January ... ..	585,978	541,022
February ... ..	590,340	554,632
March ... ..	634,567	572,916
April ... ..	651,323	567,485
May ... ..	658,397	598,427
June ... ..	638,873	554,924
July ... ..	636,168	564,876
August ... ..	655,829	581,715
Total ... ..	5,051,475	4,535,997

(*Journée Industrielle.*)

## SOCIAL AND LABOUR CONDITIONS

**Restoration Work in the Devastated Areas.**—The Government has produced a paper entitled "Five Years' Work in the Devastated Areas," which gives a remarkable survey of the restoration effected in the war-stricken departments. The following figures afford a fair idea of the vast work already accomplished:—

Of 22,900 works and workshops destroyed, 18,091 had been rebuilt on Jan. 1, 1921; 19,442 on Jan. 1, 1922; 20,150 on Jan. 1, 1923; and 20,871 on Jan. 1, 1924.

Of 741,933 farmhouses and buildings wrecked, 278,834 had been rebuilt on Jan. 1, 1921; 355,479 on Jan. 1, 1922; 375,533 on Jan. 1, 1923; and 605,989 on Jan. 1, 1924.

Of 1,923,479 hectares to be restored to cultivation, 1,007,240 had been reclaimed on Jan. 1, 1921; 1,474,796 on Jan. 1, 1922; 1,763,769 on Jan. 1, 1923; and 1,788,755 on Jan. 1, 1924.

Of 58,697 kilometres of roads destroyed, 8,965 had been repaired on Jan. 1, 1921; 22,074 on Jan. 1, 1922; 38,256 on Jan. 1, 1923; and 42,360 on Jan. 1, 1924.

Of 6,125 works of art destroyed, 2,653 had been rebuilt on Jan. 1, 1921; 3,689 on Jan. 1, 1922; 4,707 on Jan. 1, 1923; and 4,800 on Jan. 1, 1924.

Of 200 mines wrecked, 106 had been put back in working order on Jan. 1, 1922; 123 on Jan. 1, 1923; and 145 on Jan. 1, 1924.

The stock of horses, cattle, goats and pigs, which before the war mustered 2,606,610 head, numbered 347,969 on Jan. 1, 1921, and 1,142,350 on Jan. 1, 1924. (*Information Financière.*)

*In order to avoid delay in the delivery of Foreign Papers, attention is drawn to the change of address of THE ECONOMIC REVIEW, the Business and Editorial Offices of which are now at 6, John Street, Adelphi, London, W.C.2.*



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## GERMANY

### FINANCE

**The Reparations Loan.**—Dr. Schaecht, President of the Reichsbank, on his return to London, has made the following announcement to the general meeting of the proprietors of the Bank as to the results of the Reparations Loan negotiations.

He could inform the meeting that a loan of 800 million gold marks had been assured, and the agreement only remained to be signed. It would be an international event of the highest economic and political importance. The chief underwriters of the loan were first the United States and then Great Britain, followed by Switzerland, Holland, France, Italy, Sweden and Belgium, and finally a considerable part of the loan would be placed in Germany itself. Out of consideration for the other participants, no official communication could yet be made by Germany with regard to issue price and rate of interest. It could only be said in this connection that all statements based on foreign communications hitherto published were not in accordance with facts. (In the news service of the *Vossische Zeitung*, the journal which publishes Herr Schaecht's statement, appears a message from Luxemburg, quoting the Brussels journal, *Nation*, to the effect that the contributions by European countries would be as follows: Great Britain, 10 million gold marks; France, Holland and Switzerland, 3 million each; Sweden, Italy and Belgium, 2 million each.) In any event the loan would not yield less than 800 million gold marks, and were the issue price to be below par, then the nominal amount of the loan would be increased.

The loan was the basis of the conversion of the Reichsbank into the new gold institution. The Bank, however, would, contrary to the original Entente plans which had proposed the transfer of the new institution to a foreign country, remain essentially German. As a proof of this could be cited the provisional administration of the Bank, which would consist of fourteen members, seven of German nationality, and one each of British, French, Italian, Belgian, American, Dutch and Swiss nationality.

**The National Finances.**—The published report on the public finances for the middle of September (the second financial period of ten days) shows the following result (in millions of gold marks):—

1. Receipts.				
Taxes, duties, etc.	...	...	...	218.8
Various departmental receipts	...	...	...	11.6
Total receipts	...	...	...	230.4
2. Payments.				
Expenditure in foreign currency on account of execution of the peace treaties	...	...	...	0.6
General administration expenses	...	...	...	45.3
Assignment of taxation receipts to the States and Municipalities	...	...	...	92.3
Repurchase of Treasury gold bonds for the maintenance of the exchange, etc.	...	...	...	0.2
Special payments on Reparations account	...	...	...	22.1
Total payments	...	...	...	160.5
Surplus	...	...	...	69.9
				230.4

The surplus since the beginning of the financial year (April 1) 1924, now amounts to 158.7 million gold marks. The amount of the rentenmark debt attributable to the issue of rentenmark Treasury bills was 96.6 millions on Sept. 10 and 100.1 millions on Sept. 20, giving an increase for the period under review of 3.5 millions. The report states that the increase of the proceeds of taxation during the period is due to the inclusion in the period of the date of payment of taxes. The average daily expenditure has increased from Mk.10.8 mill. in the previous period to 17.8 mill. The increased expenditure is due to higher apportionments to the local bodies. Expenditure on the general administration of the Reich averages Mk.5.1 mill. per day, rather lower than in the previous period.

The total proceeds of taxes and duties during August totalled approximately Mk.592 mill., while expenditure as shown by the three reports for August amounts roughly to Mk.482.8 mill. The balance of about Mk.109.2 mill. represents the amount held in reserve by the Treasury to meet immediate payments. (*Frankfurter Zeitung*.)

**The Slump in Securities with a Restored Value.**—Never, since the collapse of the bare operations in the franc, declares Herr Georg Monch in the *Vossische Zeitung*, has the Bourse been so agitated as at present. The extraordinary slump in internal loans has inflicted on the whole financial world and on many classes of the public, bitter disappointment and material loss. The Minister of Finance's statement, at a recent sitting of the Parliamentary Committee for the restoration of the value of secured debts, brought about a veritable disaster in State Rentes. (The disorganisation of the currency due to excessive inflation having deprived Government stocks and other securities at fixed interest of all marketable value whatsoever, an order was recently published, assigning to such stocks and securities a value at a fixed percentage of their original value (*Aufwertung*) and appointing a Committee (*Aufwertungsausschuss*) to give effect to the terms thereof.)

The Minister announced that it was quite impossible to assign any value to the Rentes, or to fix even a small rate of interest on them, and produced figures from the coming accounts in support of this declaration. He however subsequently stated that some 40 million gold marks provided by the tax on bonds and debentures would be available annually for a partial valuation (*Aufwertung*), which would be used for the benefit of holders of the loan who had been brought to destitution by inflation. The term destitute would apply to all those unable to provide for their maintenance either out of their property or by their labour. The 2 per cent. Rentes would be assured to such person for life, but the total interest must not exceed Mk.1,000 a year, and would be inheritable but not saleable.

The realisation of such plans would naturally cut the ground from under any possible rise in loan quotations on the Bourse based on a general *Aufwertung*. Small wonder, then, that the bottom was knocked out of all the markets. On the day on which the Finance Minister made his announcement, War Loan still stood at 1,135 milliards per cent., but two days later it had fallen to 480 milliards, a decline of over 50 per cent. in two days! This slump was aggravated by a motion set down by Dr. Fleischer, a deputy of the Centre, for the creation of resources for the resumption of payment of interest on Government loans by means of the taxation of certain kinds of speculation. The Finance Minister pronounced against Dr. Fleischer's proposal as unworkable, but promised to examine it, if submitted to him in detailed form.

It is the whole treatment of this important business which has caused such widespread perturbation in banking circles. The previous upward tendency of Government loans was due not so much to speculation as to the general conviction entertained at home and abroad that neither the Reich nor the Federal States would merely on the plea of the third Emergency Tax Order evade their undertakings to their old creditors.

In his matter were involved questions of honour and expediency the settlement of which should not be indefinitely deferred. For this reason all previous warnings by the Finance Minister against premature hopes of *Aufwertung* produced only a fleeting effect. The Government has been criticised for not having hitherto made any announcement of the intention of estimating any future advantages for the bond holders. The fundamental idea prevailed in financial circles that the Government must do something for its old creditors if only in the interest of its own credit. Not without anxiety do farseeing members of the banking world look forward to the time when the Reich will have to



raise an internal loan. They regard it as quite out of the question that the public should participate in any new issues by the Reich or its constituent States until they should have discharged their previous liabilities. For this reason alone the participation of the banks in any such operations would be impossible.

In her present financial situation Germany is more than ever obliged to consider foreign opinion, and from the utterances of a leading Dutch banker it is clear that events on the German money market are followed with the closest attention in Holland. From Holland, the United States, England and other countries people have taken part in German loans on the assumption that Germany could not repudiate offhand her old liabilities, an action unprecedented (except in Russia) in the whole history of finance. The above cited Dutch banker expressed the fear lest the possibility, not to be disregarded, of a disturbance of international conditions, might exercise a prejudicial effect on the reconstruction of Germany. It is of vital of German financiers to interest foreigners in the home stock markets.

Moreover, neither the Reich, the Federal States, nor the municipalities will receive any sanction from public opinion for condemning the holders of their loans to the loss of their capital. It is in fact impossible that all these borrowing bodies should not undertake definite settlement of their financial obligations largely incurred for investment in remunerative undertakings (railways, mines, tramways, gas and electricity) now yielding good profits, in which those who formerly gave their good money do not share to the extent of a penny. This is a crying injustice.

Industrial debentures stand in a class by themselves. The holders of these also have good cause to complain of injustice. They can show that the majority of sound and old-established concerns have maintained their property; nevertheless the third Emergency Tax Order relieves undertakings of the duty of fulfilling their obligations in whole or in part towards their creditors. This is obviously a reversal of the original intention. The Order was intended to protect debtors ruined by inflation not to rob creditors of their rights.

The universal fixing of the rate of composition with debenture holders at 15 per cent. is not in accordance with equity. Companies which are capable of settling with their creditors on better terms or in full should be compelled to do so. Many companies have, of their own free will, offered their debenture holders more than 15 per cent. The injustice involved in dealing with debentures is confirmed by the action of those companies which attach greater importance to their credit than to temporary advantages.

The question of *Aufwertung* in all its aspects has been brought into the full light of day, and there is every probability that sooner or later, notwithstanding the difficulties of the hour, it will find an equitable settlement.

## TRADE

**Poor Results of Fairs.**—The Press seems to be unanimous in the opinion that this year's great trade fairs have not been a success.

The last of the great German fairs, writes Herr Ernst Klein, in the *Vossische Zeitung*, the Frankfort autumn fair was a great disappointment for all those participating, who believed that since the Cologne and Leipzig fairs, the period of economic depression had been surmounted and that the succeeding period of transition and renewal of broken business relations was left behind. The September fairs have, as business barometers, proved these optimistic anticipations to have been premature. But the last word on recent fairs has not been said, by merely stating that business was dull and that the result of Frankfort was not much better than that of Leipzig. No exhaustive or even approximate account of the business done at the fair can yet be supplied, but it was marked by a dulness, lack of animation, and stagnant business in all departments. One of the salient facts to be noted is the absence of

business in goods for ordinary consumption in the mass, while a more active interest was displayed in high-class and luxury articles. This was especially noticeable in textiles and footwear. In these departments fashionable and superfine goods were more sought after than articles in ordinary use unless offered at rubbish prices. The same feature is observed in textile fabrics, which were marked by an obvious improvement in quality. In this department also luxury articles were more readily disposed of than say clothing or stuff for curtains. The explanation of this circumstance lies in the fact that the purchasing power of the masses is so low as to preclude activity of the market. This also explains the slackness in the trade in Christmas goods, usually a great feature of the Frankfort autumn fair, a notable exception being afforded by the toy department which was supported by foreign purchases.

Since the Leipzig fair public interest in fairs appears to be on the wane. The question is being asked whether they have not outlived their usefulness and have not been overdone. Foreign trade, which is indispensable to the existence and development of fairs, has of late shown a serious decline. The importance of the Leipzig fair lay in the fact that it was the emporium of home products for export purposes. But foreign business will hold aloof so long as the German producer maintains his present policy of prices. The Polish boot manufacturer commands the world's markets, because his prices are well below those of his German competitors, and the same fact applies to textiles. German industry has not adapted itself to reduced purchasing power either of the foreigner or of the native. Prices must be reduced and sacrifices made before circumstances can be changed and an increase in Germany's production assured.

Another factor must be taken into consideration, namely, the surfeit of fairs, which has adversely affected the fair system and general trade. The present crisis or slump in fairs, which is not to be denied, renders it imperative that individual fair centres and fair committees should examine the question of a division of work, and of dealing with a problem affecting all, and consequently to be solved in common. By this means distinctions will be made between world fairs and special exhibitions and markets.

Another important point is the possibility of an apportionment of markets, and the fact that both Leipzig and Frankfort have marked off special markets for themselves, shows that this possibility exists. Such apportionment would bring in its train a demarcation of production areas. By this division of tasks it would be possible from a competition of fairs to render a common service to the business of Germany and of the world.

The above account of the falling off of business at the fairs is confirmed by the *Frankfurter Zeitung*, which observes that the results of the three autumn fairs of Cologne, Leipzig and Frankfort have been eminently unsatisfactory, which results it attributes, like Herr Klein, to the reduced purchasing power of the mass of the population and to the unfavourable comparison of German with foreign prices. Fairs but reflect the condition of business in general, and Germany is only beginning to be relieved of the political pressure from outside which weighed upon her with special severity at the beginning of 1923, and has taken only the first step towards her re-entry into the world's business life and financial markets. So far little has been accomplished towards the reconstruction of the country after ten years' upheaval. It will be some time before the effects of the policy of price reduction recently inaugurated by the authorities makes its effects felt. The after-effects of the business crisis in the spring have hampered the full development of the fairs. The credit stringency is affecting even sound business and debts outstanding since the beginning of the year are far from rare. In these circumstances the demand for the goods exhibited at the autumn fairs is naturally small, in which the question of raising capital to meet commitments plays a special part. If business at the autumn fairs was unsatis-

factory it may be partially due to the fact that German business has been overburdened with fairs. The existence of many of the smaller and local fairs may well be at issue within the next few years and a concentration of the fair system seems inevitable.

## RUMANIA

### POLITICAL AND GENERAL

**The Foreign Minister on Count Apponyi.**—In an interview with a representative of the Bucharest journal *Dimineata*, the Foreign Minister, M. Duca, referred to Count Apponyi's speech at Geneva as follows: This speech produced the impression that Hungary continues to place hopes in a revision of the Peace Treaties. His speech aroused special attention in the Little Entente because he repeated the thesis which we already know quite well.

The Little Entente delegates did not make any reply because they consider that no useful purpose is served by discussing the question of nationalities with Count Apponyi who in pre-war Hungary was the greatest oppressor of the national minorities. The Hungarian Government made a great mistake when it sent Apponyi as a delegate to Geneva because his very presence was distasteful to the Allied delegates.

### FINANCE

**The Money Stringency.**—During his recent visit to London the Governor of the National Bank of Rumania, M. Oromulu, expressed his views to a representative of the *Financial News* reproduced in the *Neue Freie Presse* (Sept. 26), on the present money stringency in Rumania, its causes and results.

We reproduce these views, although probably familiar to some of our readers, in order to contrast them with those of a Rumanian critic appearing in a national financial review.

The Governor of the National Bank is represented as attributing the money stringency, firstly, to the rise in prices and the corresponding need for ready money, a rise which is far in excess of the note circulation, any increase of which is contrary to the policy of the Government and the National Bank, and secondly, to the increased demand for money caused by the progress made by commerce and industry in the post-war years. A large number of new industrial and commercial undertakings has sprung up, while the banks have extended their considerable business on their own account and have assumed their control over a large number of undertakings, with the result that all their money being required for their own needs and those of their dependent undertakings, they have none to spare for outsiders. The satisfaction of the needs of the latter, therefore, falls to the National Bank. This demand for money is quite justifiable, and every effort is being made to meet it, as far as this can be done, without an increase of the note circulation, against which the Government and the Bank have resolutely set their face. The only solution, therefore, of the money crisis lies in the reduction of prices which would automatically relieve the demand for money, when the present amount of the note circulation would be amply sufficient. There is no doubt that this money shortage, if the country is to remain in the clutch of inflation, will sooner or later lead to a price reduction. This development can only be hastened by a revival of stock exchange business, the means to which are a foreign loan. Financial circles are, even more than the Government, convinced of the importance of a foreign loan and of the need of checking the prolongation of the existing money crisis.

With these somewhat colourless statements may be contrasted the gloomy account of the economic situation, the pessimistic prognostications and the outspoken criticism of the Government by the writer of a leading article in the *Bursa*, who signs the initials E.V.

The economic crisis, states this authority, has reached

its climax, and it is only surprising that matters are not much worse. The holiday season may possibly have exercised an arresting influence, but with the resumption of business, disasters may be expected in all quarters, and failing a prompt and almost miraculous intervention on the part of the Government the catastrophe will take its course unchecked. Suspensions of payment and bankruptcies, the number of which is already alarming, will increase still further and form an avalanche which will sweep everything before it.

Braila and Galatz, those two barometers of Rumanian trade, present a sorry aspect, unprecedented within living memory. Bankruptcies are common, and even the oldest and soundest firms are threatened. When the old kingdom of Rumania counted barely seven million inhabitants, its corn exports supplied the needs of several countries, but now the dead and alive appearance of the two great Danube ports speaks volumes as to the change brought about in conditions. Greater Rumania is not always sure of being able to feed its own population. In the capital of industrial Transylvania, large factories have been compelled to dismiss their hands through lack of orders, and the worst feature of the affair is that a considerable amount of this unemployment is due entirely to the incompetence of the Government either because it has not understood how to apportion its orders on a systematic plan, or because it has failed to pay its purveyors in spite of the Budget surpluses with which it has sought to dazzle the country; while the country's rolling stock is falling into disrepair for want of upkeep, the repairing works, specially equipped for the purpose at great expense, are closing down. The industries the most indispensable to national defence are in a state of stagnation, and only a few minor undertakings, producing the necessities of existence just manage to make both ends meet under the protection of the Act for promoting national industry.

Retail trade is equally depressed, and the shopkeepers have long since abandoned the profit of 30 per cent. allowed to them by law, preferring to set at cost price rather than lose their customers. By this means they do obtain some slight amount of ready money.

The crisis as presented above is made particularly manifest by the shortage of ready money. To this cause is due the stoppage of corn exports. On top of all this the rise of the leu wrought confusion among the farmers who had fixed their prices considerably lower and were therefore deprived of their legitimate profits.

If ever the proverb "it is an ill wind which blows no man any good" were exemplified, it is in this case since, with credit restrictions by the banks, and total stagnation on the Stock Exchange, business men are running after those private persons whom they suspect of possessing ready money, to whom are offered in addition to first-class security, extravagant interest on their money which very few are able to resist. Many of these private persons who had invested their savings on mortgage at 20 per cent., desirous of realising their capital and reinvesting it at the usurious rates which are easily obtainable, ruthlessly foreclose on their mortgagors. But here they meet with an unforeseen check, for when the property is put up for sale no purchasers are forthcoming, however attractive the price, owing to the universal shortage of ready money. More than 4,000 properties are in this plight. Such is the evil, but what is the remedy? That is the all-absorbing question.

It has been asserted that some 18 milliards of paper money for a population of 17 millions works out at a thousand lei (about one pound sterling) per head, and that therefore the National Bank could issue a few milliards more without fear of depreciating the exchange. Without pleading the cause of either deflation or inflation, the simple fact must be recorded that the present store of bank notes is inadequate to the various needs of the country.

The Minister of Finance is credited with the intention of assigning the proceeds of the deliveries in kind of oil

due to the State to the payment of its purveyors. But such proceeds would only amount to one milliard as against the four milliards due from the State to private industry. Again the foundation of the "Credit Industrial" would have proved a means of relieving private industry had only more care been exercised in framing its charter. In order that this institution should perform the functions required of it, it should be entirely freed from the political influence to which, like so many other public institutions, it is at present subjected.

As the Minister of Finance, with the support of the Bank authorities, is resolved not to increase the note circulation, and as the exchange cannot be improved all of a sudden, nothing remains but to raise a foreign loan. This the Minister is making every effort to do, and during his holiday in France has come into touch with financial circles.

All denials of this intention are idle, since Rumania cannot possibly extricate herself from the quandary in which successive Governments have placed her without the assistance of foreign capital. Therefore the recent visit to Paris (the article is written early in September) of the Ministers of Finance and Commerce and the Governor of the National Bank is obviously connected with the question of a loan. Rumour mentions a first series of 100 million francs to be raised by the joint action of British and French shareholders of the Steana Romana. Negotiations to this effect had previously been entered into, but were postponed owing to the ill-advised Mines Act. It is, however, rumoured that they will now be resumed with better success.

**Loans and Rumours of Loans.**—It is reported from Bucharest that the negotiations for a loan on the strength of profits from petroleum are proceeding very successfully. It is asserted in financial circles that M. Bratianu, the Finance Minister, has come to an agreement with the French interests concerned in regard to the guarantees demanded. Rumania is to be given immediately an advance of 500 million French francs on the production of petroleum for a period of five years.

Simultaneously with the above negotiations the liquidation of the old unsettled questions relating to the Treasury bonds is being discussed. These negotiations are being conducted in France, England and Belgium and are proceeding very satisfactorily.

**Rumanian Bonds and Belgian Bondholders.**—A treaty has been concluded between Rumania and Belgium relating to the payment of Rumanian bonds held by Belgian subjects. The Rumanian Government recognises the claims of those holders who obtained their bonds previous to January 11, 1918. Bonds obtained in 1914—1916 will be stamped and also those obtained between the entry of Rumania into the war and the armistice. The stamping will be carried out by the Rumanian Legation at Brussels. (*Central European Observer*.)

## TRADE

**Foreign Trade Returns.**—The foreign trade returns published by the General Statistical Department show exports in June to have amounted to 404,710 t. in weight and 1,342.2 mill. lei in value, as against 350,559 t. and 964.4 mill. lei in 1923, giving a difference in favour of this year's export of 54,151 t. and 377.3 mill. lei. The exports are distributed among the chief classes of goods exported as follows:—

	Weight		Value	
	(in 1,000 tons.)		(in millions of lei.)	
	1924.	1923.	1924.	1923.
Cereals and products	129	84	615.9	310.0
Oil and products	31	37	236.0	296.9
Timber	229	216	322.7	259.8
Livestock	8	6	123.0	68.4
Various	7	6	44.4	19.4
Total	404	350	1,342.2	964.4

The quantity of goods exported to the various

countries in June 1924 was, in round figures, as follows (in 1,000 tons): Hungary, 170; France, 30; Gibraltar, 27; Italy, 22; Greece, 21; Egypt, 20; Belgium, 18; Bulgaria, 17; Yugo-Slavia, 14; Austria, 14; Great Britain, 13; Czecho-Slovakia, 13.

The following figures show the exports for the first six months of the year in weight and value:—

	Weight (in 1,000 tons).			Difference in	
	1924.	1923.		1924.	
Cereals	794	699	+	95	
Oil	166	177	—	11	
Timber	949	1,037	—	87	
Livestock	34	30	+	84	
Various	33	46	—	13	
Total	1,976	1,989	—	12	
	Value (in millions of lei).			Difference in	
	1924.	1923.		1924.	
Cereals	3,585.9	2,543.4	+	1,042.5	
Oil	1,200.7	1,248.7	—	57.9	
Timber	1,281.3	1,020.6	+	260.6	
Livestock	491.4	296.2	+	195.2	
Various	201.0	167.9	+	33.0	
Total	6,760.4	5,277.0	+	1,483.4	

(Bursa.)

## AGRICULTURE

**Crop Reports.**—We are indebted for the following account of the crops in Rumania to the August report of the Imperial Ottoman Bank:—

The latest reports from all parts of the country state that the recent rains have had a good effect on the maize and vegetable crops. While wheat and barley crops are somewhat poor, it is anticipated that there will be sufficient supplies for the internal needs of the country with a margin over for export. On the other hand, it is stated that, owing to the lack of the means of transport, only about one quarter of the country's exportable stock of wheat and barley will be able to leave the country. In view of the unsatisfactory situation of crops in certain regions of the United States, Russia, Asia and Africa, a greater demand for barley has sprung up and prices here have increased by as much as Lei10,000 per truckload.

## COMMUNICATIONS

**Rumoured Reorganisation of the Railways.**—In the review of the general economic situation contained in the article in the *Bursa* quoted above under the heading "The Money Stringency," the condition of the railways and their rolling stock is depicted very unfavourably.

The following conflicting reports of the means to be adopted for the repair and reorganisation of the railway both appear in the *Information Financière* of Paris:—

The earlier account (Sept. 2) is derived from the *Argus* of Bucharest, which claims to have obtained its information from General Mosolu, Minister of Communications, who drew the agreement between the Government and the Resitza Company for the repair of rolling stock, the purport of which is as follows:—

The Resitza Company undertake to collect within a period of sixteen months all the disused and damaged rolling and other stock on the premises of the State railways throughout the country and to convey it to the workshops of the Company. In exchange for each 25 kg. of old iron so collected, the Company undertake to supply one kg. of new iron wrought in its workshops into the forms required for its use, that is to say to supply new locomotives, carriages, vans, trucks, machinery and tools in accordance with the requirements of the State railways. Also for every 7 kg. of old iron the works will provide 1 kg. of rolled iron in the form of framework of bridges, rails, bars, hammers, etc. By means of the removal of the damaged and worn-out stock covering 400 km. of line, including sidings, that stretch of line will be disencumbered and once more restored to use for running purposes. The State rail-

ways will moreover be provided with new locomotives and rolling stock in the place of the worn-out stock. According to a rough estimate the rolling stock on the national railways consists of: 832 worn-out locomotives, of which 511 are in Bessarabia, representing 60 million kg. of old iron; 12,000 carriages, trucks, etc., representing 50 million kg.; and some hundreds of bridges, the iron work of which is worn out, together with a number of rails and other iron work representing some 200 million kg.

In an editorial note to the above the *Information Financière* states that it would not be astonished to learn that the said agreement had been rendered possible by the financial assistance of the Vickers Company, which holds large blocks of shares in the Resitza.

A later number of the same Paris journal (Sept. 11) repeats, on the authority of *Neamoul Romanesco*, the rumour that the Rumanian Government is prepared to accept the offer by the Railway Companies Syndicate and the British Overseas Bank of Credits for the reconstruction and development of the Rumanian railways, harbours and docks. As soon as the Rumanian State railways shall have been converted into an independent undertaking, the said banks would grant a credit of £30,000,000 partly in cash and partly in railway stock. The bonds of this loan would be entirely placed within a period of three years. The British syndicate, moreover, proposes to place at the disposal of Rumania the expert staff necessary for the laying of the railways as well as for the construction of bridges, tunnels, stations, harbours, etc. The terms demanded by the British banks are said to be that the railways should be an independent enterprise administered and managed like a company, the Rumanian Government reserving the right of control and of substituting Rumanian for foreign capital by repayment of the original capital together with a bonus of 10 per cent.

The board and the technical management are to be composed of an equal number of representatives of the banks and the Rumanian Government, and profits are to be divided equally between the two parties.

## UNITED STATES

### POLITICAL AND GENERAL

**Interallied Indebtedness.**—The question of interallied debts should be taken up by the United States Government, according to *The Index*, published by the New York Trust Company in its current issue, out to-day, says the *New York Evening Post* of Sept. 17. In order to make debt funding practicable, it is pointed out, France should not be expected to pay more than she receives from Germany in reparations, for to do more might destroy her currency. *The Index* says in part: "France is faced with a difficult problem with which she will cope successfully, given time; but her course will be easier and world conditions will be made sounder if our own Government at the proper time will discuss the realities of this problem and propose practical schemes for meeting it. Our position throughout has been that 'a debt is a debt'; that 'a settlement with France more generous than that toward England would be unfair to England'; that 'we will accept no transference to us of debts owed to France by others in exchange for ours.' These are all good principles judged solely by themselves, but their importance lessens when faced by other equally sound and convincing economic principles, the most important of which is that 'a nation cannot pay more in external settlements than its favourable balance,' and by the political fact that in the face of excessive taxation or unstable currency no political stability is possible."

**A Cruiser-building Propaganda.**—"Australia will build two cruisers. England under the Labour Ministry will build five. Influential Canadians are urging a Dominion cruiser programme. Japan is carrying out a large cruiser programme despite earthquakes and financial difficulty. By the Washington Treaty no class of

ships between the 35,000 ton battleship and the 10,000 ton cruiser is recognised. The cruiser, it is evident, is re-entering the seas as a major factor in naval operations. All maritime nations have discovered it except the United States. To bring the United States up to the 5-5-3 ratio twenty-one light cruisers must be built, displacing 210,000 tons." With these preliminary observations the *Chicago Daily Tribune* (Sept. 18) goes on to argue that the next war will be in great part a cruiser war, and that it will probably be focussed in the Pacific. Operations, it says, will be flexible and over great distances. The airplane carrier and the airplane, the cruising submarine, long range gunfire and airplane spotting, and, above all, the light cruiser with speed and sudden striking power, will be of high importance. There will be raids and terrors over critical areas of the coast. The Panama Canal, the great cities of the seaboard, sea-borne commerce, insular possessions, will invite hard-hitting raids often repeated, in which the loss of a bombing plane or so would be nothing to the damage done. Persistent light warfare over a wide-flung and vulnerable territory can demoralise a nation and win a war in time. With few light ships of great cruising radius and fewer planes capable of imposing even a mild degree of embarrassment on the enemy America would have little to do in such a war but suffer.

The new cruiser should be designed with the new warfare in view. It should have, says Admiral Sturdee, British victor at the Falklands, (1) sea-keeping ability and guns mounted to be effective in all weathers—this is most important; (2) steadiness of platform as the range of fighting increases; (3) a good radius of action (probably oil-burning); (4) a higher speed than that of enemy battleships; (5) good power; (6) vertical armour sacrificed to horizontal armour over vital parts; (7) in some cases eliminated armoured and underwater torpedo-tubes to save weight; (8) facilities for carrying and launching two airplanes on each ship; (9) anti-air defence guns. Has the United States one cruiser able to meet these requirements? We know of none.

The effect of the Washington Conference is conservative so far as the retention of battleships is concerned. It is an improved battleship, to be sure, adjusted in many important details to the new era in naval affairs, but it remains essentially the superdreadnought. The effect of the Washington Conference on cruiser warfare, however, has been revolutionary. It has put the light cruiser back on the seas as a major factor in future war. It has distributed offensive power in large numbers of lighter units. It has made open sea warfare more of a probability. It has made mass fleet action less likely. This rather violent change in strategical emphasis and in construction has been recognised by Japan and to some extent by England. It is, anyhow, consistent with Japan's natural policy, and in that respect the treaty favours Japan. Japan has adjusted her construction programme to it. But America has still to discover the new naval warfare. In light cruisers and in air attack America is disgracefully behind. The United States needs more light cruisers.

### FINANCE

**The Income Tax as an Index to the Nation's Economic Condition.**—In 1921 there were 21 persons in the United States who returned their annual income at a million dollars or over: in 1922, according to the *Washington Post*, this number had increased to 67. Previous reports of the Treasury Department, however, show that the year 1918 was also credited with 67 millionaires, the number declining to 65 in 1919 and to 33 in 1920. The total net income returned by 6,787,401 income-tax payers in 1922 was \$21,336,212,530, an amount equivalent to the gross debt of the United States. "The report," writes Mr. Silas Bent in the *New York Times*, "serves to contradict the popular and often-quoted statement that about two-thirds of the wealth of this country is concentrated in the hands of two per cent. of the population. The amount of income on

which taxes were paid was a little more than twenty-one billions, but the actual income of the United States in 1922 is estimated at fifty-nine billions. Nearly two per cent. more returns were filed (than in 1921), and the increase in the net income reported was \$1,759,000,002, nearly nine per cent.; and this brought an increase in the revenue from that source of \$141,670,202, which was nearly twenty per cent. . . . The increases all along the line in 1922 over 1921 were due undoubtedly to the improvement in business conditions, and those who hold that high surtaxes drive capital out of reach say that the increases would have been still greater if the surtaxes had been lower. Those who disagree with this view assert that every man tries to gain as high an income as possible, whatever the tax rate." The *Chicago Journal of Commerce* further points out that the net taxable income shown in the 1922 report does not by any means represent the real earnings of the people in that year. "The report reveals that only 6,787,481 persons—6.20 per cent. of the population—filed returns. The census of 1920 showed that there were in the United States 13,153,911 single persons who were 20 years of age or over. It is impossible to believe that any considerable number of these 13,153,911 single persons received less than \$1,000 a year. In other words, the number of income-tax returns filed in 1923—6,787,481—was far less than should have come from single persons alone! Add the number which should have come from married individuals with incomes of \$2,500 or more, and from married couples whose joint incomes were at least \$2,500, and you begin to suspect the vast scale of dodging of income taxes." The following table shows the scale of incomes for which statistics are given—(a) Under \$1,000, (b) \$1,000 to \$2,000, (c) \$2,000 to \$3,000, (d) \$3,000 to \$5,000, (e) \$5,000 to \$10,000, (f) \$10,000 to \$25,000, (g) \$25,000 to \$50,000, (h) \$50,000 to \$100,000, (i) \$100,000 to \$150,000, (j) \$150,000 to \$300,000, (k) \$300,000 to \$500,000, (l) \$500,000 to \$1,000,000, (m) \$1,000,000 and over:—

	1921.		1922.	
	Amount in each class.	Percentage of total.	Amount in each class.	Percentage of total.
(a) ...	213,849,934	1.09	247,564,383	1.16
(b) ...	3,620,761,768	18.49	3,630,570,922	17.02
(c) ...	5,325,931,265	27.21	5,153,497,468	24.15
(d) ...	4,054,891,244	20.71	4,500,557,809	21.09
(e) ...	2,378,759,237	12.16	2,641,904,702	12.38
(f) ...	1,958,156,206	10.00	2,255,871,780	10.57
(g) ...	979,629,305	5.00	1,208,273,932	5.65
(h) ...	582,230,218	2.97	805,223,854	3.77
(i) ...	163,520,999	.84	260,203,553	1.22
(j) ...	145,948,047	.75	266,814,381	1.26
(k) ...	61,342,550	.31	116,672,075	.55
(l) ...	42,780,426	.22	107,670,678	.51
(m) ...	49,411,329	.25	141,386,993	.67
Total	\$19,577,212,528	100.00	\$21,336,212,530	100.00

**Building Associations as a Thrift Agency.**—According to *The Manufacturers' Record* of Baltimore, building associations are at least equally as important as savings banks as a thrift agency, seeing that they have been "instrumental in making possible home-owning by hundreds of thousands of people who otherwise would never have been able to build or buy a home," in which respect it is not only "a savings account," but "a home-buying and home-owning account" as well. It is also interesting, says the *Literary Digest* of New York, to note that heavy investments in building associations have not hurt the savings banks, for statistics show that the States which are most prosperous and which utilise savings banks to the largest extent are at the same time the largest investors in building associations. These remarks are apparently based on statistics published by *The American Building Association News* of Cincinnati, according to which the total membership in building associations in the United States had risen from 3,838,612 in 1917 to 6,864,144 in 1922, and their total assets from \$1,769,142,175 to \$3,342,530,953. The following table shows (a) the number of associations, (b) the total membership, and (c) the total assets, for the fiscal year 1922-23:—

	(a)	(b)	(c)
Pennsylvania ...	3,316	1,251,000	\$624,000,000
Ohio ...	875	1,169,828	564,348,517
New Jersey ...	1,098	678,973	359,268,557
Massachusetts ...	209	327,157	225,092,157
Illinois ...	741	330,000	201,928,358
New York ...	282	321,044	153,161,292
Indiana ...	369	270,725	140,945,474
Nebraska ...	80	143,456	91,994,730
Maryland ...	785	177,150	88,575,000
Wisconsin ...	115	114,179	71,821,023
Louisiana ...	70	91,000	69,189,443
California ...	112	63,825	64,732,760
Missouri ...	201	104,214	60,497,796
Michigan ...	81	114,730	58,546,237
Kansas ...	120	118,220	55,613,521
Oklahoma ...	82	89,164	51,713,296
Kentucky ...	120	111,000	48,000,000
North Carolina ...	235	65,000	44,398,834
District of Columbia ...	21	51,109	35,830,000
Washington ...	52	75,233	29,696,405
Iowa ...	72	52,800	24,659,855
Arkansas ...	54	28,225	17,997,261
Utah ...	22	31,220	15,609,399
Minnesota ...	66	30,575	14,686,752
Colorado ...	50	28,635	14,304,330
West Virginia ...	44	35,300	13,780,294
Maine ...	38	18,400	10,585,468
Rhode Island ...	8	20,537	10,545,499
Oregon ...	14	24,990	10,000,000
Connecticut ...	34	25,600	9,633,382
South Carolina ...	152	20,404	7,626,890
Texas ...	88	23,545	7,162,995
New Hampshire ...	27	12,393	5,791,551
Montana ...	26	23,936	5,460,973
North Dakota ...	13	9,075	4,529,065
South Dakota ...	18	7,350	4,500,000
Delaware ...	33	8,950	4,430,385
Tennessee ...	11	5,750	3,472,527
New Mexico ...	13	5,200	2,170,000
Arizona ...	4	3,750	1,415,308
Vermont ...	8	1,955	818,521
Other States ...	250	218,547	113,997,098
Total ...	10,009	6,864,144	\$3,342,530,953

## YUGO-SLAVIA

### POLITICAL AND GENERAL

**Radich's Party to Join the Government.**—At a recent meeting of the Deputies' Club of the Radich party, held for the purpose of deciding as to whether it should join the Government, M. Radich made a statement on the political situation, whereupon it was unanimously decided that the party should take an active share in the Government. The news of this decision created a powerful impression in all the political circles in Belgrade.

The opponents of the present Government were obviously disappointed, whilst the members of the Government expressed great satisfaction, and M. Davidovich, the Prime Minister, immediately called a meeting of the Ministerial Council to discuss the new situation.

The Government laid special stress on the unanimity of the decision of the Radich party and the fact that M. Radich himself had made no objections. The Prime Minister declared that the Government could now work in peace because there were no longer any obstacles to its labours and to those of Parliament. (For the previous attitude of the Radich party towards the Government cf. *THE ECONOMIC REVIEW*, Sept. 5, p. 210.)

### FINANCE

**The Blair Loan.**—It is now certain that a final agreement has been reached with the Blair syndicate for the realisation of the second series of the loan of \$100 mill., whereby the syndicate is to advance to the State 3 million dollars against bonds. The period of option expires on March 31, 1925. (*Pravda*.)

### TRADE

**Some Foreign Trade Figures.**—In the first six months of the current year Yugo-Slavia's exports totalled 1,585,939 t. of a value of 4,186 mill. dinars, an increase of 24 per cent. in weight and 25 per cent. in value on the exports for the first half of 1923. The import

figures are not yet out, but those for the first three months of the year were 1,928 mill. dinars, so that the balance of trade for the first six months is likely to be upwards of 300 mill. dinars.

This year's plum crops in Bosnia, the main plum-growing region of Yugo-Slavia, have been very unsatisfactory. It is stated that the quantity produced has been smaller than the output for many years past and that not more than 50,000-60,000 t. can be exported.

These plum exports are expected to go to Hungary, where they are made into jams, etc., and then re-exported.

The value of Yugo-Slavia's egg exports in July was upwards of 58 mill. dinars. Of this quantity 27 mill. dinars worth went to Switzerland, 11½ to Austria and 7½ to Italy. The imports for 1923 exceeded exports by 260.7 mill. dinars, somewhat to the surprise of commercial people, who had expected a credit balance. The percentage of exports to imports since the war has been as follows:—1919, 23.03; 1920, 38.1; 1921, 59.6; 1922, 57.2; 1923, 96.8. (*Central European Observer; Agence Economique et Financière.*)

## AGRICULTURE

**Conditions in Agriculture.**—At the recent meeting of Yugo-Slav Chambers of Commerce and of importers, M. Stojkovich, a high official of the Ministry of Agriculture, read a detailed report on the agricultural situation, of which the following are the leading features:

**Wheat.** The area sown with wheat has again shown an increase, being 1,688,337 hectares as against 1,623,982 in 1923, but the harvest is estimated at only 14.5 mill. quintals as against 16 mill. gathered last year. As it is necessary to reckon with the increase of the population together with improved conditions of life necessitating more extensive sowing, it may be estimated that 13 mill. quintals are required for home consumption, leaving a margin for export of 15,000 truckloads. Moreover, there are large stocks on hand outstanding from last year. There is still a great demand for wheat for export, especially as it is known for certain that the Slovak and Hungarian harvests are poor, and that the Bulgarian Government has forbidden the export of the cereal. Prices in the United States are high. Wheat prices are continually rising owing to the presence on the principal Yugo-Slav markets of numerous purchasers from Austria, Czecho-Slovakia, Greece and even Hungary. Holland again will offer an important market, as it has introduced free trade in corn in order to assist its milling industry, and to be able to export large quantities of flour. New wheat already stands at 330 dinars per quintal.

**Rye, barley and oats.** Rye has been grown this year on 19,000 hectares, and the yield is estimated at 1.4 mill. quintals, which will be largely absorbed by home consumption. From 10 to 20 barge loads will be available for export. Barley covers some 380,000 hectares with an estimated yield of 2.5 mill. quintals, the yield of oats being estimated at 8.6 mill. quintals. Barley prices show a hard tendency, the harvests in Hungary and Czecho-Slovakia having proved disappointing, the Austrian and Czecho-Slovak markets are showing considerable interest in Yugo-Slav barley, in spite of its inferior quality. Winter barley is worth 300 dinars the quintal, and summer barley 350. Business in oats is poor and no considerable export trade is to be expected.

**Maize.** The situation of maize is excellent, and the quantity available for export has been computed at 10 mill. dinars.

**Beans, plums, fruit and wine.** The bean crop is promising, and may supply some 2,000 truckloads for export. Plums are poor and their export should not exceed 2,000 truckloads, as against 4,000 last season. Apples have been scanty in South-West Serbia, but better in Slovenia, the next most important apple growing district. The outlook of the vines was promising, but has been marred by rain, hail and disease. A yield of 25

per cent. less than last year is to be anticipated. In 1923 exports of fruit and fruit products amounted to 233,258 quintals of fresh fruit to the value of 82.3 mill. dinars; prunes, 663,923 quintals to the value of 344.5 mill. dinars; jam, 16,555 quintals to the value of 11.6 mill. dinars; wine, 25,978 quintals, value 14.6 mill. dinars.

**Sugar beets.** The area planted with sugar beets is 54,000 hectares, considerably higher than that of last year. The yield will attain 100,000 truckloads as against the original estimate of 60,000, which will allow of an output by the refineries of 10,000 truckloads of sugar. As home consumption amounts to 5,000 truckloads, there will be 3,000 to 4,000 truckloads available for export.

**Livestock.** On Jan. 1, 1924, the amount of livestock as compared with that on Jan. 1, 1923 (in brackets) was as follows: horses, 1,062,893 (1,034,139); cattle (head), 3,869,985 (4,053,115); pigs, 2,496,723 (2,577,704); sheep, 7,639,257 (7,542,110); goats, 1,730,204 (1,681,219); poultry, 14,195,968 (13,153,670).

M. Sketchkovich read to the Congress a report of the National Bank, which proclaimed its readiness to assist exporters. Thus credits for the season have been raised from 140 mill. dinars to 200 mill. Special advances to exporters' associations are in contemplation. (*Agence Economique et Financière.*)

**Tobacco.**—This year's tobacco crop in Yugo-Slavia promises to be an excellent one and a large surplus will be available for export. There are also in hand considerable stocks from previous years—320,000 kilogrammes of the 1922 crop, and some 5,000,000 kilogrammes of last year's, including both cigarette and pipe tobacco in different grades of quality from ordinary to fine select. It is expected that, in view of the good quality of Yugo-Slavian tobacco and the low transport costs, the Hungarian Tobacco Régie will this year make large purchases in Yugo-Slavia instead of, as hitherto, in Turkey and Bulgaria.

Up to the present the tobacco exports of Yugo-Slavia have amounted to 5,000 t. of the value of 425 mill. dinars. In addition to this 7,000 t. from this year's tobacco crops are destined for exportation. (*Central European Observer.*)

## SOCIAL AND LABOUR CONDITIONS

**Emigration Statistics.**—The number of emigrants from Yugo-Slavia during the first quarter of the current year was 5,686, of which 3,702 were men and 1,984 women, distributed among callings as follows: Agricultural labourers, 2,875 (50.6 per cent.); skilled workmen, 241 (4.1 per cent.); unskilled, 1,010 (17.7 per cent.); professional men, 90 (1.6 per cent.); old people and children, 1,470 (27 per cent.).

The countries receiving these emigrants were: Brazil, 2,654 (46 per cent.); United States, 1,064 (18 per cent.); the Argentine, 999 (17.5 per cent.); Canada, 702 (12.3 per cent.); Chile, 34 (6.6 per cent.); other countries of America, 53 (0.9 per cent.); Australia, 141 (2.5 per cent.); New Zealand, 37 (0.7 per cent.); other countries, 2. (*Privredni Pregled.*)

## FOREIGN BANK RATES.

	Per cent.		Per cent.		Per cent.
Amsterdam	5	Danzig .....	10	Prague .....	6
Athens .....	7½	Dublin .....	5	Reval .....	9
Belfast .....	5	Geneva .....	4	Riga .....	8
Belgrade ...	6	Helsingfors	9	Rome .....	5½
Berlin .....	90	Kovno .....	8½	Sofia .....	7
Brussels .....	5½	Lisbon .....	9	Stockholm ...	5½
Bucharest ...	6	Madrid ...	5	Vienna .....	15
Budapest ...	12½	Moscow ...	6	Warsaw .....	12
Christiania ...	7	New York...	3		
Copenhagen	7	Paris .....	6		

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## SPECIAL ARTICLES

### BANKING THE FARMER.

To-day even the big city banker remote from the farm-lands, and the near-sighted country banker of the old school, are both growing to realise that Agriculture is the real basic industry, says a writer in *Popular Finance*; that it is entitled to, but is not getting, banking facilities as good as those extended to industry, commerce and transportation; that it is just as much entitled to the "extra financial" aids which the banker can give—in expert advice and help and encouragement—as are the various business enterprises of the cities; that, in short, the farmer is a business man and should be treated as such. It is at least probable that the fatherly interest which Uncle Sam took in the farm-lands when he wanted high production during the war, and which he again displayed during the depression by shovelling half a billion direct from the Mint into the farmer's pocket-book as a loan to carry him over to safety, had something to do with the hammering of sensible ideas into banking heads. The banker wanted the War Finance Corporation's emergency loan activities under the Agricultural Credits Act to be temporary: he does not want Uncle Sam in the banking business.

But the banker was awake before he got this "urge" toward making his bank serve the farmer so well that Uncle Sam would not have to turn banker and become a competitor. The bankers of the country, collectively through the American Bankers Association, have for nine years been publishing *The Banker-Farmer*, preaching to individual bankers a sermon on how to help the farmers. Last year 156,000 copies of this magazine were printed, 65,000 going to bankers for their instruction and 90,000 copies being taken by the banks for distribution among farmers. An Agricultural Commission has been formed, composed of one prominent banker from each Federal Reserve district, to direct the effort at developing the team-work between the farmer and the banker. But, more recently, the biggest step of all was taken; a step that is going to mean something in dollars and cents to the farmer and to the rest of us whose prosperity depends, in final analysis, on his prosperity. The banker realised that he was, after all, only a banker; and that, although his intentions might be good, he did not know enough about the farming business to give the agriculturist the best possible aid. Taking cognizance of the tried and trusty principle that the best way to get a thing done is to appoint one man to do it, and make that man responsible, the bankers stepped out and hired themselves an "expert." They appropriated for this purpose \$15,000, and secured the services of Professor D. H. Otis, of the agricultural department of the University of Wisconsin.

John H. Puelicher, of Milwaukee, then President of the American Bankers Association, disposed of the old-fashioned method of helping the farmer in a single sentence when he said: "Banks do far more for their own prosperity by aiding the development of efficient methods of farm production and finance than by foreclosing mortgages." Even before the bankers had hired their national "farm agent," many individual banks had taken a very progressive step on their own account. The president of the biggest bank in a town of nearly 150,000 inhabitants, a man who is a member of the bankers' agricultural commission for his Federal Reserve district, said: "For five years we have employed a young man who is an agricultural specialist. He is a practical farmer and a graduate of an agricultural college. He is working constantly among the farmers. We want the farmer to know that he can walk in here and borrow money on exactly the same basis as any other business man. We must know, of course, what stock and equipment he has and what his standing for integrity is, but these facts we must know regarding any manufacturer or merchant who comes to us for money to use in the development of his business. Our man does everything he can, as he wins the confidence of the farm

districts, to help the farmers use better methods. If he reports that a certain farmer can make more money by spending more money for certain equipment and improvements, we are ready to finance the improvement. He is winning such standing among the farmers that they take his advice regarding what crops to plant and what change in acreage would bring better return. I cannot trace the effect of this man's work upon our profit and loss sheet. I doubt if it pays directly in dollars and cents; but I know that it is good, sound business."

Many banks in the country have such agents. Naturally only a fairly large bank can afford to hire an expert to give farm problems his entire time. What have the rest of the banks been doing? The bankers have formed State agricultural commissions. Their officials are attending State agricultural meetings to learn all they can about the farmer's needs. They are keeping in constant touch with the various agricultural colleges, for a like purpose. The activities of these commissions vary with different local conditions. Florida bankers have awarded ten scholarships in the State College of Agriculture. Four hundred Kentucky banks helped organise and are members of a State live stock improvement association. That State's commission of bankers is striving to put a county agent in each county, and help defray expenses. In Georgia the local committee organised the Georgia Farm Market Federation, and has established a loan fund for college students. Maine reports concentration on the vital local problems of soil fertility. Wisconsin bankers have co-operated with the State college in the broadcasting of monthly bulletins, the selling of farm account-books, promotion of club work and encouragement of live stock production. "Better stock" is the chief North Dakota programme, while the State Commission there also aided in the formation of a sweet clover growers' exchange. Among many other activities, Ohio bankers send the boys' and girls' stock judging team to the national contest, paying all expenses of their trip. New Jersey's committee worked out a plan for financing packing houses for fruit growers. In Oklahoma the State bank organisation arranged with the State college for four short courses for farmers, and local banks conducted campaigns to swell attendance at the lectures. To the Missouri campaign for better roads and more county agents, a programme for the extension of dairying has been added. In Illinois there was a campaign for the reduction of corn acreage, and the bankers' committee even dared take a whack at the question of lower freight rates. South Carolina crusades for more diversified farming, while the chief effort in Tennessee is toward increase in dairying. These are illustrations of the more or less spontaneous local development of banker interest in farm problems.

Joseph Hirsch, President of the Corpus Christi National Bank, who has lately retired after several years' service as head of the American Bankers Association Agricultural Commission, declares that marketing, rural education and farm tenancy are outstanding national problems receiving attention. The commission, under his chairmanship, also urged upon Congress that federal aid for farm-to-market highways be continued for a definite period. In his last annual report, Hirsch referred to the "remarkable development" of co-operative marketing, and recommended that bankers make careful studies of the various co-operative organisations with a view to the extension of loans to associations operating on sound plans. Uncle Sam, at the time this report was made, had done \$175,000,000 worth of this particular kind of financing through the War Finance Corporation. When the Bankers' Association asked Carl Williams, President of the American Cotton Growers' Exchange, to attend their last convention and talk on the subject of co-operative marketing, he put the banker and the farmer into the same basket in very positive terms. "Bankers and farmers are partners in

prosperity and adversity at all times and under all circumstances," he declared. The bankers wanted to be instructed about the extent and the financial needs of the co-operative market organisations. All the co-operative marketing societies, taken together, will require \$700,000,000 to finance their operations this year, Williams told the bankers. Speaking of the South, he said that three thousand of the five thousand banks located in the cotton territory already are aiding the co-operative movement. More than 90 per cent. of the dried fruits," Williams said, "75 per cent. of the citrus fruits, 70 per cent. of the tobacco, 65 per cent. of the nuts, 25 per cent. of the milk and milk products and 20 per cent. of the cotton grown in the United States are being marketed by farmers' co-operative associations. There are 1,200,000 farmers who belong to these commodity organisations. They have learned that their success lies through the substitution of the principles of merchandising for that of dumping. Expert management is vital to the success of co-operative marketing. These modern commodity organisations have found they can go into the open markets and hire experts to work for them instead of against them, paying these experts just as high salaries as they get in private business. The co-operatives have eliminated speculation, waste and inefficiency—and graft—in county markets. To speak the language of dollars and cents, they mean that the profits from agriculture are being kept at home instead of being concentrated in the hands of a few." The old-time banker would never have seen that it was to his interest to help the farmer market his wheat or his cotton by organising a farm market federation, as the bankers did the other day in Georgia. Nor would it have occurred to him that he could do anything about the fact that one half of the children were bound to leave the farm and go to the city, leaving a labour shortage in the country and more or less unhappy natives of the soil struggling against the wage fight of the city. But it is estimated that about 6,000 bankers got behind the boys' and girls' farm club movement last year with their personal directing ability and energy—and with more than a million dollars in cash. This was a part of a concerted campaign to check the desertion of the farms by arousing in farm children an interest in farming, and in farming of the best type.

Dr. A. C. True gives an amazing summary of the total efforts of these proud juvenile farmers. A half million are enrolled in clubs with the avowed purpose of growing a bigger hog, raising more corn or better chickens than anybody else in the county. In a single year they cultivated 30,000 acres of corn, 2,000 acres of potatoes; raised 61,000 pigs, 3,700 beeves, 6,000 dairy animals, 566,000 chickens. They put up two and a half million cans of fruit and vegetables, baked 370,000 loaves of bread and made 347,000 articles of clothing. In producing \$7,000,000 worth of farm products for prize contests, the boys and girls of the farms are even carrying the lessons of the agricultural school home to the old folks. They become ambitious to see new and better methods used on the entire farm, not merely on the little garden plot which has been given them for their experiments. The banker knows this and that is why these clubs are an important part in his new and enlightened effort to help the farmer.

Professor Otis, when he took up the duties of telling the banker what to do, specialised on yet another major problem of the American farm of to-day. "I have a notion," he said, "that when a one-crop farmer comes into a bank for a loan, he should not be given a loan except on condition that he keep at least one cow, one sow, and a couple dozen hens—at least enough livestock to feed his own family. It was a surprise to me to find in one of the southern States 20 per cent. of the farms not producing a single egg, 37 per cent. not raising even one lone chicken, and 36 per cent. not having a single dairy cow. In another State, well adapted to the poultry industry, the annual importation of poultry products amounted to \$19,000,000. In still another State I learned of one county in which there are located

one thousand farms and only seventy cows. This means that agriculture is sick, production unbalanced. Farmers are paying freight and other overhead charges on food products they ought to be raising at home. Of course, more diversified farming may mean less automobile riding: it ought to. Our economic problems cannot be solved unless we are willing to work. The one crop farmer is not performing his share of work. He needs profitable employment throughout the year. Loafing on the farm ought to be made unpopular." If the banker needed any further proof of the advisability of helping the farmer, Professor Otis is able to give it. "Periods of low farmer purchasing power are invariably followed by a decided increase in the number of business failures," he says. "Business failures since 1866 reveal the close relation between agriculture and business. The interdependence of the farmer and banker is so close that self-preservation demands that they pull together. If agriculture fails, we all fail. There are no two industries that offer greater opportunities for mutual helpfulness, for increasing profits and bank deposits, than do banking and farming."

Otis holds a position of power and of great possibility for national good. When he gets a big idea for farm betterment, for improvement of marketing, for better credit facilities, he stands on two feet and "sells" it to the executives of the American Bankers Association—they are hiring him to do that because they know that to increase farm prosperity is to increase banking prosperity; and the association swings its membership behind the programme, whatever it may be. To the power of 1,250,000 members of the Farm Bureau Federation is added the power of 22,000 bankers, each with a very considerable organisation at his command and an influence in his community greater than that of any individual farmer. On one idea they are already united. They want the Federal Reserve System extended: in two directions, to include more small country banks, and to permit rediscount of agricultural paper. The change would mean that a farmer could go to his bank for the nine months' credit he needs to finance his year's business, that his bank would be able to grant it where now it can loan only a limited amount of its resources for such a long period and that the bank could take the farmer's note to his Federal Reserve Bank and rediscount it. In this manner far more money would be made available for the farmer to use in his business. There are thousands of bankers in the United States to-day who are contributing to the funds which employ county agents, who contribute prizes for boys' and girls' crop clubs, who hold prize exhibits in their own banking offices. There was almost an ironic note in the fact that the bankers sought pointers from the head of a co-operative farm marketing association.

(To be continued.)

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## THE ECONOMIST'S BOOKSHELF.

### STATISTICS IN GOVERNMENT PUBLICATIONS.

**Guide to Current Official Statistics.** Volume II, 1923. (H.M. Stationery Office. Price, 1s. net, post free, 1s. 4½d., pp. 306.)

There can be no doubt of the importance of statistics in assisting us to control the vast economic and social mechanism, which would otherwise rapidly get out of hand. Full and precise information covering an immense field affords the only hope of eliminating many of the evils with which we are habitually beset. It is often lamented that British statistics still leave much to be desired. The writers of "Is Unemployment Inevitable," for instance, state that "in this matter of economic information the United States is considerably further advanced than any other country in the world, which may account for the fact that in the decade before the war the shortening of the trade cycles seems to be especially pronounced in the United States, and that in the last two years that country has experienced a record production which did not involve an excessive rise of prices or speculative accumulation of stocks." They are further of opinion that "our figures of unemployment are the only ones in this country which are appreciably better than those of other nations." Even so, the statistical information available regarding this country is enormous, and the gaps are continually being reduced. No less important than the collection of information is its dissemination, and the Permanent Consultative Committee on Official Statistics made a laudable effort in the right direction when they published last year the first issue of their annual Guide to Current Official Statistics. Volume II of the Guide is now available and continues the detailed and systematic survey of the statistics contained in all current official publications commenced in the First Issue. It primarily covers the publications issued in 1923, but also indicates later issues which have become available up to the end of July 1924, and further includes certain important *non-periodical* publications which have appeared in the early months of this year. By an effective system of cross references it places the enquirer in touch with the publications containing statistics bearing on his subject, and informs him as to the degree and mode of analysis of the statistics he will find in the volume to which he is referred. In addition to other new features, an Appendix has been added on this occasion consisting of a broad survey of publications of permanent statistical interest issued mainly since 1900. The facilities afforded by the Guide bring statistical material within easy reach of all sections of the public, and should provide a valuable stimulus to enquiry.

Copies of the Guide may be ordered through any bookseller or directly from the Sale Offices of H.M. Stationery Offices at Imperial House, Kingsway, W.C.2, and 28, Abingdon Street, S.W.1.

### BAD GRAMMAR.

**The Grammar of Power.** By G. W. THOMSON. (London: The Labour Publishing Company Limited. Price, 5s. net.)

Much of the economic literature published by the British Labour Movement is distinguished by qualities of thought and research which are tardily evoking competitive response among the older political parties. Much, on the other hand, exhibits the narrowness, superficiality and banality which characterises so large a proportion of modern platform oratory. The present volume does not belong to the former group of literature. It is a discursive attack on political opponents disguised as an enquiry into the incidence of power. There is a liberal supply of sketchy historical and anthropological matter and an abundance of trite fallacies which do not merit further diffusion in book form. There is little trace of the spirit of impartial and dispassionate

enquiry which is inseparable from the genuine pursuit of truth. An experienced student approaching a new language (other than Esperanto) would soon suspect the authenticity of a grammar which omitted any reference to irregular verbs; the authenticity of the present volume as a grammar of power is vitiated by analogous omissions. It may well be, for instance, that the balance of economic and political power is unduly weighted in favour of employers and owners of capital, or that trusts and monopolies are iniquitous and anti-social phenomena; comment in this sense is certainly legitimate, if a little hackneyed. But is it not a deficient "grammar" which has not a word about the anti-social qualities of lightning strikes in the transport services or the power stations? Is the militant trade unionism which bans non-union labour a reliable repository of "economic liberty"? Are trusts the *only* organisations which restrict production for selfish ends? It may be argued in mitigation that the less desirable manifestations of trade unionism are forced upon it by the evil conditions against which it exists to protest; still, they remain manifestations, and are therefore highly relevant material in a book which "has endeavoured to put before the reader, in as short a compass as possible, a picture of the realities of the situation concerning power." The compass, we fear, is so short as to mislead the reader.

The tone of the book and the quality of its contributions to economic thought is sufficiently indicated by the following characteristic paragraph:—

"A more intangible monopoly than the monopoly of land or machinery is that of finance. Finance has no material substance, and is merely a book-keeping lien on the proceeds of industry which groups of individuals, called banks and financial houses, have secured, largely by the simple operation of a declaration that they possess certain credits for sale which have no real existence, being their own imaginative creation. These castles in Spain enable them, nevertheless, to control the largest proportion of the industry of the world. Their monopoly is buttressed up firmly by careful State legislation, for they work in close collusion with the exploiting State itself, and in a very real sense may be said to be the State."

No doubt when Mr. Thomson receives a cheque he consigns it to the waste paper basket as a mere scrap of paper possessing a merely "imaginative" value.

J.C.J.

### ECONOMICS SIMPLIFIED.

**Plain Talks on Economics: Leading Principles and their Application to the Issues of To-day.** By FABIAN FRANKLIN. (New York and London: G. P. Putnam's Sons. Price, 12s. 6d. net.)

Tracts upon economic theories are becoming more and more plentiful and it is not difficult to obtain both good and bad work of a specialised nature either in this country or in America. During the past two or three years the academical soil of the latter country has proved particularly prolific, if judged by its crop of miscellaneous economics. One gathers that the modern tendency among economists is to detach certain leading principles from economic science and exhaust them thoroughly. It is difficult, at times, not to feel a little disgruntled with the "thesis" or the "faculty of the graduate school" and so apportion the blame, if any, for this prevalent form of economic eclecticism. The D.Sc.(Econ.) is an enviable and sometimes admirable person, but "the partial fulfilment of the requirements for the degree" leads to some horrible excesses in the region of specialisation.

It is, therefore, with feelings of relief that one contemplates perusing the pages of "Plain Talks on Economics," especially as one is told that it is an attempt to give "the reader a firm grasp of the essentials of economic science, and enables him to distinguish between intelligent and unintelligent discussion of economic issues." Moreover, the author, Mr. Fabian Franklin, having trod the eclectic path

outlined above, comes into the wider fold of Economics under the most significant auspices. Of an earlier little book from his pen, entitled the "Cost of Living," someone has said,—“the style is like that of John Stuart Mill for clearness.” A similar virtue attaches itself to the present volume; it is quite commendably well-written remembering that it is intended “to give readers without previous knowledge of the subject a feeling of what Economics is like.”

If we are sceptical about the truth of the “feeling” “Plain Talks on Economics” will arouse, we are convinced of its abilities to impart a considerable “knowledge of the subject” referred to. No one can say of the Economics of this volume what was said of the style of the earlier one. The principles enunciated in it flow steadily from Adam Smith onward and occupy thirty-six chapters of careful explanation and reasonable and impartial illustration. Capital is the result of saving, prices regulate production, and the ingredients of value remain indeterminable. John Stuart Mill is only called in to attack the theory which supports confiscation of the Land, and it comes to supplement the author's emphasis upon “unearned increment.” Theoretically “Plain Talks on Economics” is orthodoxy itself.

The volume is divided into two parts and the latter half is concerned with the relation of economic theories to present-day problems. It surveys the ground thoroughly and devotes considerable attention to such problems as Over-production, Monopoly, Trade-Unionism, Co-operation, Taxation, Protection and Free-Trade, Socialism, Money and Index-numbers. The chapters on Socialism state the case for and against it with fairness and force. Mr. Franklin regards private enterprise as the mainspring of industrial productivity and the driving power of the existing system he considers to be individual interest and ambition. The Russian experiment with socialism he regards as “a dismal failure.” “The desirableness of the Socialist ideal” is wrecked by the unworkableness of the Socialist system and the fault lies, where such logic always manages to place it,—in human nature.

The chapters on taxation are all informative and, as should be in an economic primer, correctly uncontroversial. The case for and against the single tax is stated and the objections to it tend to outweigh the arguments in favour.

In a concluding chapter, which Mr. Franklin has entitled “Economics and Life” he reiterates that “the paramount object of Economics is to discuss the causation of economic phenomena.” This book, intended for the uninitiated, indicates excellently such phenomena and, if it is read, we think it will stimulate inquiry of a profounder nature. It is written by an American and ostensibly for American students. English readers need to be reminded of this fact, although it in no way detracts from the merit and value of Mr. Franklin's work as a useful and full introduction to economic science.

H.J.H.

#### ENQUIRY BY SAMPLE IN AMERICA.

**A Seven Years' View of Sales and Expenses of Retail Clothiers, 1916 to 1922.** By HORACE SECRIST, Ph.D. (Chicago: Northwestern University School of Commerce. Price, \$1.)

In this pamphlet Dr. Secrist has compressed a mass of invaluable statistical material upon the retail clothing trade of America. It is a studied analysis of the sales and expenses of 120 identical retail stores for the period of 1916 to 1922, inclusive. Dr. Secrist feels that the experiences of this group of retailers may be taken as typical of those experienced by the entire trade during these years, and as constituting a sufficient background for interpreting the past, and possibly of forecasting the near future. Be that as it may, Dr. Secrist's statement and conclusions reveal a very skilful application of the sample method of statistical enquiry and

produces facts and figures which are not devoid of interest to those controlling and organising the retail clothing trades in other countries.

The history of retail clothing sales in America during the seven years under consideration is sketched in detail, and upward or downward tendencies are admirably illustrated in a series of tables and statistical charts. The latter are constructed for the purpose of determining the relationship between the changes in two items, sales and expenses. Obviously both reveal considerable fluctuations. From a study of his material Dr. Secrist deduces the following main statement of principle:—“There is a general tendency during periods of increasing sales for sales to increase faster than operating expenses, and during periods of decreasing sales for sales to decrease faster than operating expenses. In this general tendency most retail clothiers share. They operate under conditions of diminishing cost. Added business is done at less than proportional cost, and less business at more than proportional cost. An effective method of reducing cost of doing business is to increase sales. An almost certain way of increasing cost of doing business is to reduce sales.” We feel some readers will be inclined to regard this pamphlet as a rather laborious process of arriving at ordinary business axioms and platitudes.

H.J.H.

#### PUBLICATIONS RECEIVED.

*Annuaire du Commerce Extérieur de la République Polonoise, années 1922 et 1923.* (Warsaw: Publication de l'Office Central de Statistique.)

*Annuaire Statistique de la République Polonoise, II<sup>e</sup> année, 1923.* (Warsaw: Publication de l'Office Central de Statistique.)

*A Plea for an Effective Gold Standard in India.* By Prof. P. A. Wadia, M.A., and Prof. G. N. Joshi, M.A. (Bombay: P. A. Wadia.)

*Foreign Affairs: an American Quarterly Review.* September 15, 1924. (New York.—London agents: The International News Company Ltd. Price, \$5 a year, post free.)

*Guide to Current Official Statistics of the United Kingdom.* Vol. II., 1923. In continuation of First Issue (1922), with an Appendix relating to selected Statistical Publications issued prior to 1923.—Permanent Consultative Committee on Official Statistics. (London: H. M. Stationery Office. Price, 1s. net.)

*Hobbes und die Staatsphilosophie.* Von Richard Höningwald, Professor an der Universität Breslau. (München: Verlag Ernst Reinhardt.)

*International Yearbook of Agricultural Statistics for 1923.* (Rome: Institut International d'Agriculture Service de la Statistique Générale.)

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# STATISTICAL SECTION

## THE TRADE BAROMETER

Our weekly index is composed of quotations for the ten following commodities :—

- |              |                 |            |           |            |
|--------------|-----------------|------------|-----------|------------|
| 1. Pig iron. | 3. Coal.        | 5. Cotton. | 7. Hides. | 9. Bacon.  |
| 2. Tin.      | 4. Linseed Oil. | 6. Wool.   | 8. Wheat. | 10. Sugar. |

Table I. shows the movements of our ten commodities in the aggregate, and Table II. the movements of each of them in relation to the others. We have chosen December 30, 1921, as our base, the price of each commodity on that day being represented by 100 (at a time when the index in Table I. stood at 150). For a full explanation of our index number see THE ECONOMIC REVIEW, Aug. 29, 1924, page 194.

TABLE I.

Date	10 Com- modities	Bde of Tde Monthly Average	Date	10 Com- modities	Bde of Tde Monthly Average	Date	10 Com- modities	Bde of Tde Monthly Average	Date	10 Com- modities	Bd. of Tde Monthly Average
1920.											
Jan. 16	367.9	296.6	May 12	204.3	201.7	Aug. 18	164.0	156.3	Dec. 14	177.0	163.4
Feb. 13	367.6	310.3	June 17	201.8	197.7	Sept. 15	161.2	154.3	1924		
Mar. 19	396.9	319.0	July 15	194.4	194.1	Oct. 13	161.2	155.2	Jan. 18	178.6	165.4
Apr. 16	384.6	325.2	Aug. 19	178.1	190.0	Nov. 17	169.3	157.6	Feb. 15	187.9	167.0
May 14	391.2	325.5	Sept. 16	183.4	187.0	Dec. 15	161.2	155.8	Mar. 14	182.1	165.4
June 18	417.7	322.4	Oct. 14	170.2	180.7	1923			Apr. 18	177.5	164.7
July 16	418.8	316.9	Nov. 18	154.5	172.8	Jan. 12	162.8	157.0	May 16	171.2	163.7
Aug. 13	386.8	313.1	Dec. 16	153.2	167.9	Feb. 16	177.2	157.5	June 20	167.8	162.6
Sept. 17	379.4	311.4	Dec. 30	150.0		Mar. 16	192.4	160.3	July 18	167.1	162.6
Oct. 15	328.6	302.3	1922			Apr. 20	198.5	162.0	Aug. 15	175.3	
Nov. 19	293.0	286.9	Jan. 20	144.0	164.0	May 18	198.1	159.8	" 22	175.1	165.2
Dec. 17	257.0	263.8	Feb. 17	149.2	161.8	June 15	190.0	159.3	" 29	173.9	
1921			Mar. 17	149.8	160.0	July 20	177.3	156.5	Sept. 5	174.2	
Jan. 14	244.2	245.9	Apr. 14	151.7	160.1	Aug. 17	174.6	154.5	" 12	171.7	
Feb. 18	219.1	225.2	May 19	162.1	160.6	Sept. 14	173.2	157.8	" 19	167.9	
Mar. 18	199.0	210.8	June 16	163.6	159.9	Oct. 19	166.0	158.1	" 26	167.9	
Apr. 15	202.8	204.8	July 14	165.1	160.3	Nov. 16	171.7	160.8	Oct. 3	169.3	

CHART ILLUSTRATING TABLE I.

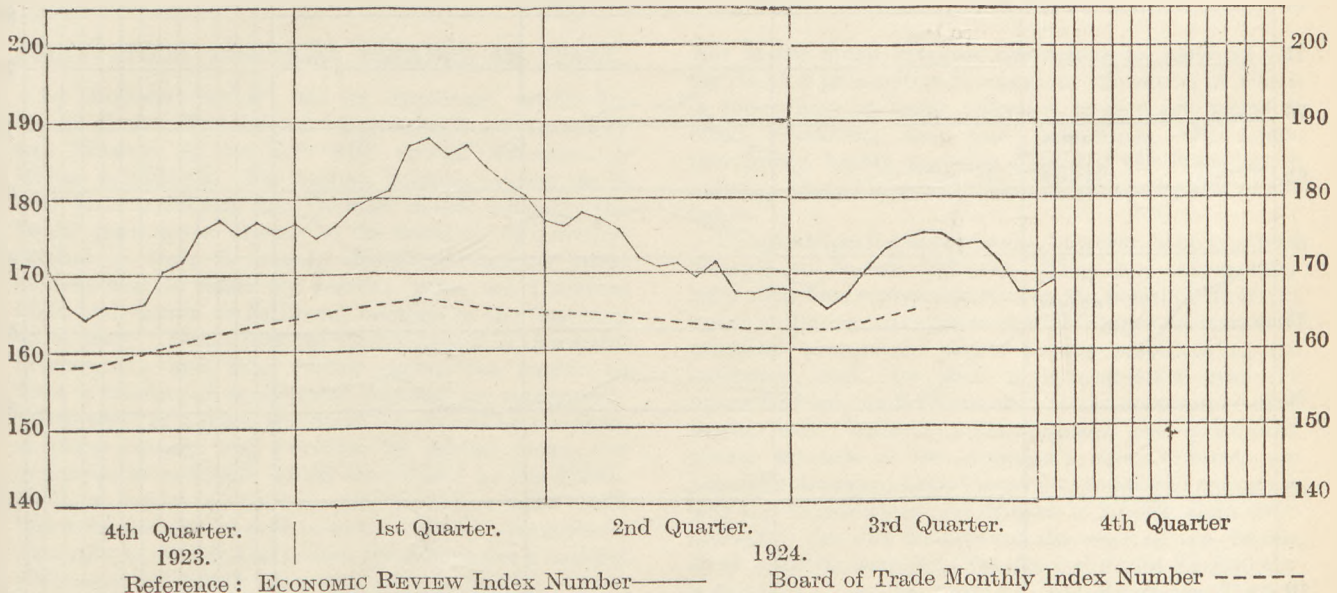


TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922.												1922.
Jan. 27 ...	90.6	90.5	92.4	108.8	85.3	100.0	82.6	101.1	94.4	96.1	94.18	Jan. 27
Apr. 28 ...	92.9	89.4	89.6	149.1	87.9	106.7	78.3	113.5	115.8	107.7	103.09	Apr. 28
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	Dec. 29
1923.												1923.
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	Nov. 16
1924.												1924.
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	Feb. 15
Apr. 18 ...	99.1	142.2	100.0	133.3	160.4	153.3	87.7	99.6	71.3	136.5	118.33	Apr. 18
June 13 ...	92.5	128.9	81.1	140.4	147.3	142.2	92.0	106.7	83.5	99.3	111.39	June 13
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	July 11
Aug. 15 ...	87.7	148.0	78.3	145.6	158.8	151.1	94.2	124.1	84.6	96.6	116.90	Aug. 15
Sept. 5 ...	87.3	149.3	75.5	151.8	136.6	151.1	97.1	115.4	88.2	108.8	116.11	Sept. 5
" 12 ...	87.3	147.3	71.7	150.9	125.6	151.1	97.1	116.2	86.0	111.5	114.47	" 12
" 19 ...	87.3	138.5	71.7	152.6	113.9	151.1	97.1	114.6	81.6	110.8	111.92	" 19
" 26 ...	85.8	136.6	72.6	151.8	120.6	151.1	97.1	113.8	81.6	108.1	111.91	" 26
Oct. 3 ...	85.8	143.1	71.7	152.6	127.1	151.1	95.7	114.6	80.1	106.8	112.86	Oct. 3

\*Revised Quotation.

Statistical Section

## THE EUROPEAN EXCHANGES

## WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending Oct. 4th.)

	Week ending			Week ending	
	Oct. 4.	Sept. 27.		Oct. 4.	Sept. 27.
Sweden ...	99.31	99.31	Denmark ...	64.86	64.12
Switzerland ...	98.86	98.40	Norway ...	52.84	51.88
Holland ...	96.16	96.16	France ...	27.29	27.35
Sterling ...	91.62	91.83	Italy ...	22.70	22.75
Spain ...	69.02	69.02			

The curves for each country show the percentage of dollar parity, the daily quotations (over London) being averaged every week. The scale is logarithmic, so that equal vertical distances represent equal *proportional* differences and changes in every curve.

